

Digitized by the Internet Archive
in 2022 with funding from
University of Toronto

<https://archive.org/details/31761115492159>

E-1



E-1

ISSN 1181-6465

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Tuesday 9 December 2003

Journal des débats (Hansard)

Mardi 9 décembre 2003

**Standing committee on
estimates**

Organization

**Comité permanent des
budgets des dépenses**

Organisation

Chair: Cameron Jackson
Clerk: Trevor Day

Président : Cameron Jackson
Greffier : Trevor Day



Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 9 December 2003

Mardi 9 décembre 2003

The committee met at 1530 in room 228.

ELECTION OF CHAIR

Clerk of the Committee (Mr Trevor Day): Honourable members, it is my duty to call upon you to elect a Chair. Are there any nominations?

Mrs Elizabeth Witmer (Kitchener-Waterloo): I nominate Cam Jackson.

Clerk of the Committee: Any further nominations? There being no further nominations, I declare nominations closed and Mr Jackson Chair of the committee.

ELECTION OF VICE-CHAIR

The Chair (Mr Cameron Jackson): Thank you, Trevor. Thank you, committee. Our next order of business would be the election of a Vice-Chair. The Chair is open to nominations.

Mr Ted Chudleigh (Halton): I nominate Elizabeth Witmer.

The Chair: Any further nominations? Seeing none other, I declare Elizabeth Witmer Vice-Chair of the standing committee on estimates.

APPOINTMENT OF SUBCOMMITTEE

The Chair: The next order of business, according to our limited agenda at the moment, is a motion to deal with subcommittee members.

Mr Jeff Leal (Peterborough): I move that a subcommittee on committee business be appointed to meet from time to time, at the call of the Chair or on the request of any member thereof, to consider and report to the committee on the business of the committee; and that the subcommittee be composed of the following members—the Chair as Chair, Ms Di Cocco, and Mrs Witmer;

and that the presence of all members of the subcommittee is necessary to constitute a meeting.

The Chair: All those in favour, please indicate. Opposed, if any? That's carried.

There are only two quick items I'd like to raise, and if any other members wish to, briefly.

First of all, I'd like to introduce our committee clerk, Trevor Day. He will be working with us and will be spending a lot of time with us. He's also the person you need to phone if you've got any questions whatsoever. You can call me, of course, but you can also call Trevor. To my left is Heidi Clark, who is our researcher. She serves here at the pleasure of the committee, and from time to time, if you have specific requests during the course of the review of specific estimates, it's incumbent upon Heidi to gather that material to assist you in your work. They are two very important people, and I wanted to welcome them to the committee as well and to thank them on behalf of the committee.

The only other item I'd like to raise is that I noticed this morning, in the first committee I sat on, in a similar table arrangement, that these signs are difficult for me to read when I'm sitting across from you. They must be terribly difficult for the average deputant who may come before us. I'm wondering if we might let our clerk take under advisement that perhaps this signage could be contrasted a little more so that—we're going to know each other by personal name, and that's fine, but for deputants, it will be very difficult. If we can just take that—unless there's anybody objecting to that? Good.

The majority of our business will be ordered up in the spring after the budget has been tabled, so if there's no further business for the committee to raise at this time, I will entertain a motion to adjourn.

Mr Chudleigh: So moved.

The Chair: All in favour? Carried. Thank you. Have a merry Christmas.

The committee adjourned at 1534.

CONTENTS

Tuesday 9 December 2003

| | |
|-----------------------------------|-----|
| Election of Chair..... | E-1 |
| Election of Vice-Chair | E-1 |
| Appointment of subcommittee | E-1 |

STANDING COMMITTEE ON ESTIMATES

Chair / Président

Mr Cameron Jackson (Burlington PC)

Vice-Chair / Vice-Président

Mrs Elizabeth Witmer (Kitchener-Waterloo PC)

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge L)

Mr Ted Chudleigh (Halton PC)

Mr Kim Craiton (Niagara Falls L)

Ms Caroline Di Cocco (Sarnia-Lambton L)

Mr Cameron Jackson (Burlington PC)

Mr Kuldip Kular (Bramalea-Gore-Malton-Springdale L)

Ms Shelley Martel (Nickel Belt ND)

Mr Phil McNeely (Ottawa-Orléans L)

Mr John Milloy (Kitchener Centre / -Centre L)

Mrs Elizabeth Witmer (Kitchener-Waterloo PC)

Substitutions / Membres remplaçants

Mr Jeff Leal (Peterborough PC)

Clerk / Greffier

Mr Trevor Day

Staff / Personnel

Ms Heidi Clark, research officer
Research and Information Services



E-2

E-2

ISSN 1181-6465

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Tuesday 15 June 2004

Journal des débats (Hansard)

Mardi 15 juin 2004

Standing committee on estimates

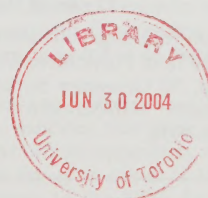
Organization

Comité permanent des budgets des dépenses

Organisation

Chair: Cameron Jackson
Clerk: Trevor Day

Président : Cameron Jackson
Greffier : Trevor Day



Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATES

Tuesday 15 June 2004

COMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Mardi 15 juin 2004

The committee met at 1545 in room 228.

The Chair (Mr Cameron Jackson): I'd like to call the standing committee on estimates to order; I note that routine proceedings have been completed. I'd like to welcome all members.

I'd like to do a couple of introductions at the outset. To my right is our committee clerk, Trevor Day. To his right is Cory Pagett, who is the Hansard reporter. To my left is Anne Marzalik, who is our dedicated legislative researcher who is available to this committee.

ELECTION OF VICE-CHAIR

The Chair: You have a copy of today's agenda. Our first order of business is that we would like to resolve the issue of an election of a Vice-Chair. We are open to nominations.

Mr Jim Wilson (Simcoe-Grey): I would like to place a nomination in the name of John O'Toole, the member from Durham, as Vice-Chair of this committee.

The Chair: Do I see a seconder for that nomination? Mr Bisson.

Last call: Are there any other nominations? Seeing none, I declare Mr O'Toole the Vice-Chair of the committee.

Mr John O'Toole (Durham): Do I get to make a speech?

The Chair: No, you don't. These days, saying nothing will get you really far.

SUBCOMMITTEE MEMBERSHIP

The Chair: I would like to resolve the issue of the subcommittee membership so that we have that on our record. Could I be informed of who will represent each caucus? I'd like to recognize Ms Horwath.

Ms Andrea Horwath (Hamilton East): I will be representing the NDP caucus.

The Chair: We are going to need you to become, through the House leaders—today we have you subbed in, you're not a permanent member of the committee, so I can't allow that at the moment. But if it is your intention, then we'll need your House leader to speak to the government House leader, and I'm sure they will facilitate your transfer to this committee.

Mr Gilles Bisson (Timmins-James Bay): You would know that there is actually a motion that is supposed to

be coming to the House—it was supposed to be here today but it won't be in until tomorrow—naming all the members on the committee, including Ms Horwath as our nominee. So it's all taken care of. It's just a formality at this point.

The Chair: All right. Then I will still recognize the other members of the committee for purposes of Hansard. I know it will be directed, but we may wish to have a subcommittee meeting and something may happen in the House. I'll make sure that all parties are represented, but I would like to have your nominees for the record.

Ms Caroline Di Cocco (Sarnia-Lambton): I believe I'm the representative for the government.

The Chair: Thank you. The official opposition?

Mr Wilson: Mr Chairman, I don't know if you need a motion. The clerk has provided me with a motion.

I move that the membership of the subcommittee on committee business be revised as follows: that Mr O'Toole be appointed in place of Mrs Witmer.

1550

The Chair: OK. Since it's a motion, we'd better have a vote. All those in favour? Opposed, if any? Carried.

I think our working knowledge is that Ms Martel is the subcommittee rep and that you're subbing in for her today. We'll leave it at that until the House leader can adjust that accordingly, and the minutes will reflect that you're representing the subcommittee today. I can't ensconce you as the permanent member.

COMMITTEE BUSINESS

The Chair: Are we prepared to proceed with the next order of business? Are the caucuses ready to order up their business in accordance with the standing orders? Have all three caucuses come prepared to do that?

M. Bisson: Oui, oui.

The Chair: Fine. Then you will be familiar with standing order 59, which indicates that there are two rounds, leading off with the official opposition, who can choose up to two ministries for up to a total of 15 hours. The selection will then move to the NDP for similar parameters of up to two ministries, up to 15 hours in total. Then we will move to the government for their selection.

Mr O'Toole: Chair, has there been any discussion? As you are the Chair, I know you are the pinnacle here. We sort of have in our mind that the three main

ministries, of course, would be finance, health and education. That's where most of the money is spent. I imagine other caucuses will have a similar—but we're submitting those as our three top priorities at this time. I don't know how we allocate the time. Do we just choose?

The Chair: I'd like to get the first round developed today so we can give ministries sufficient notice.

Mr O'Toole: We'll submit Health. It's the largest. It's 50% of the budget.

The Chair: My understanding is that you would like to submit Finance at 7.5 hours and then Health at 7.5 hours, in that order.

Mr Wilson: I'm thinking more Health and Education, then Finance. The NDP are planning on doing Finance. We were planning on doing Health and Education. That's as far as I've got in any discussions with any members.

The Chair: I think the Chair sort of indicated—

Interjection: OK, we'll go with the Chair.

The Chair: Well, it's not the Chair's selection. I was advised by the House leader for our party that the choices would be Finance, 7.5 hours; and Health, 7.5 hours. If you wish to change those suggestions by your House leader, you have the right to do it. But I was given notice of that.

Mr O'Toole: Very appropriate.

Mr Wilson: You're more up-to-date than I am.

The Chair: Is that your final answer? Good. Finance is first at 7.5 hours; Health is second at 7.5 hours.

Now I will move to the NDP to hear up to two ministries, and if possible, please give us the allocation of time you wish to devote to each.

Ms Horwath: We would like Energy, 7.5 hours; and Municipal Affairs and Housing, 7.5 hours.

The Chair: That's your final answer?

Ms Horwath: Yes, Mr Chairman.

Mr Phil McNeely (Ottawa-Orléans): What was the last one?

The Chair: Energy, 7.5 hours; and Municipal Affairs and Housing, or whatever it's called these days, 7.5 hours.

Ms Di Cocco: Children and Comsoc.

The Chair: Children and Youth services?

Mr Bisson: Comsoc.

The Chair: No, Comsoc is a separate ministry.

Ms Di Cocco: Yes. Children and Youth Services, and Comsoc.

The Chair: OK. Comsoc will be the next one. And how much time allocation?

Ms Di Cocco: What is the limit that is provided?

The Chair: Fifteen hours. You can do 14 and one; you can do 7.5 and 7.5; you can do 10 and five.

Ms Di Cocco: 7.5 and 7.5 seems to be OK.

The Chair: That completes round one. I'm going to raise the other issue about meeting during the inter-session, but there's no sense in going beyond this list at this point.

Mr Bisson: Why?

The Chair: Because if you add up the total number of days and the time we have to report, we'll be barely lucky to get most of this done.

Mr Bisson: Never presume.

The Chair: If it's the committee's wish—yes?

Ms Di Cocco: If I might ask, who's on the list now, please? I thought Education was on the list. Am I correct?

The Chair: No, it's not. It's Finance, Health, Energy, Municipal Affairs, Children and Youth Services and Comsoc.

Ms Di Cocco: OK. Then I'd like Education on.

The Chair: Instead of what?

Ms Di Cocco: Instead of Comsoc.

Mr Bisson: You can't change it now.

Ms Di Cocco: I apologize.

The Chair: I haven't called the final list. And I hadn't asked her for her final answer, actually. It's now Education. OK.

Ms Di Cocco: Thank you.

The Chair: I'm advised by my learned clerk that we must report the full two rounds, so I'm going to ask you to come up with some additional ministries at this point.

Mr O'Toole: We would move Transportation.

The Chair: Transportation. And your second, or—

Mr Wilson: Do we have to say our points now?

The Chair: Yes, I'm afraid we do. The fact that we're never going to get to them is not the issue.

Mr O'Toole: I would say Agriculture would be next, then. They're cutting money from Agriculture and I'm very concerned about that.

The Chair: We'll save that commentary for the estimates process.

Mr O'Toole: It's recorded, I hope. Isn't it?

The Chair: What time do you wish to put to each of those?

Mr O'Toole: How much time is remaining now?

The Chair: You have a 15-hour window there. Use it as you wish.

Mr O'Toole: I would say 7.5 and 7.5. So we've got Transportation and Agriculture.

The Chair: And that's your final answer?

Mr O'Toole: Final answer.

Mr Bisson: I want to point out that we've made up our minds and we won't change our minds.

Ms Horwath: Our second-round choices would be Environment, and Community and Social Services.

The Chair: Seven and a half each?

Ms Di Cocco: Economic Development and Northern Development.

The Chair: Did you say Northern Development?

Ms Di Cocco: Yes. Economic Development and Northern Development.

The Chair: And the time spread?

Ms Di Cocco: The time spread—

Mr Bisson: Is Northern Development one?

Ms Di Cocco: Yes, Northern Development.

Again, are we keeping to the maximum of 15 hours?

The Chair: Listen, if you want to do 3 and 3, it's up to a maximum of 15. You can choose to do less. I should have made that a little clearer.

Ms Di Cocco: Thank you for doing that. I think three and three on those two.

Interjection.

The Chair: Well, it's their choice, not ours.

I'm going to now read the final list of ministries for those of you who wish to make a notation:

- (1) Finance for 7.5 hours;
- (2) Health and Long-Term Care for 7.5 hours;
- (3) Energy for 7.5 hours;
- (4) Municipal Affairs and Housing for 7.5 hours;
- (5) Children and Youth Services for 7.5 hours;
- (6) Education for 7.5 hours;
- (7) Transportation for 7.5 hours;
- (8) Agriculture and Food for 7.5 hours;
- (9) Environment for 7.5 hours;
- (10) Community and Social Services for 7.5 hours;
- (11) Economic Development and Trade for 3 hours;
- (12) Northern Development and Mines for 3 hours.

That is the order of business for the 2004-05 estimates for the ministries.

Do I have a motion to accept that? Who gave me the motion? Mr Craitor. All those in favour? Opposed, if any? Approved.

Next question—yes?

Mr McNeely: Just a question: This 7.5 hours, is that a day? Are these day sittings?

The Chair: We usually do 2.5 hours a day. If we start at 3:30, we're out of here by 6 o'clock.

Where it gets different is that in the past we've done estimates during the summer or during the intersession.

We can order them up during the course of a day and you can literally do an entire ministry in a day if you go to that system.

If I've answered your question, then that slides us to the next question: if we wish to request of House leaders for us to sit during the intersession to do some of the estimates.

Mr Kim Craitor (Niagara Falls): I'm not available.

The Chair: I can leave this to the subcommittee, if you wish.

Ms Di Cocco: I want to suggest that the subcommittee deal with that.

The Chair: The only reason I raise this is that this is one of the latest estimates any government has had that wasn't precipitated by an election. We've had June elections where you don't get to the estimates until November, but in this instance we've—the standing orders were implicit that there would be sufficient time to do some, if not most, of the estimates. We're just not going to be afforded that time frame. If that is the consensus of the committee, then we will raise the issue at the subcommittee level. We will have a subcommittee meeting tomorrow so we can have this in front of House leaders by the end of the week.

Are there any other matters the committee wishes to raise at this time? No.

Is it agreed that we will serve notice to the ministries immediately and report to the House tomorrow? Our first day for estimates can be Tuesday, June 22. Is there any objection? If not, then we will proceed on that basis.

Motion to adjourn? Moved by Mr Wilson. All in favour? Carried.

The committee adjourned at 1603.

CONTENTS

Tuesday 15 June 2004

| | |
|--------------------------------------|------------|
| Election of Vice-Chair | E-3 |
| Subcommittee membership | E-3 |
| Committee business | E-3 |

STANDING COMMITTEE ON ESTIMATES

Chair / Président

Mr Cameron Jackson (Burlington PC)

Vice-Chair / Vice-Président

Mr John O'Toole (Durham PC)

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge L)

Mr Kim Craiton (Niagara Falls L)

Ms Caroline Di Cocco (Sarnia-Lambton L)

Mr Cameron Jackson (Burlington PC)

Mr Kuldip Kular (Bramalea-Gore-Malton-Springdale L)

Ms Shelley Martel (Nickel Belt ND)

Mr Phil McNeely (Ottawa-Orléans L)

Mr John Milloy (Kitchener Centre / -Centre L)

Mr John O'Toole (Durham PC)

Mr Jim Wilson (Simcoe-Grey PC)

Substitutions / Membres remplaçants

Ms Andrea Horwath (Hamilton East / Hamilton-Est ND)

Clerk / Greffier

Mr Trevor Day

Staff / Personnel

Ms Anne Marzalik, research officer, Research and Information Services

EN
26
E77

E-3



E-3

ISSN 1181-6465

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Tuesday 22 June 2004

Journal des débats (Hansard)

Mardi 22 juin 2004

Standing committee on
estimates

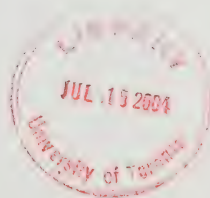
Comité permanent des
budgets des dépenses

Organization

Organisation

Ministry of Finance

Ministère des Finances



Chair: Cameron Jackson
Clerk: Trevor Day

Président : Cameron Jackson
Greffier : Trevor Day

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATES

Tuesday 22 June 2004

COMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Mardi 22 juin 2004

The committee met at 1559 in room 151.

ELECTION OF CHAIR

Clerk of the Committee (Mr Trevor Day): Honourable members, it is my duty to call upon you to elect a Chair. Any nominations?

Mr Kuldip Kular (Bramalea-Gore-Malton-Springdale): I nominate Cam Jackson, the member for Burlington, for the position of Chair of the standing committee on estimates.

Clerk of the Committee: Mr Jackson has been nominated. Any further nominations?

Mr John R. Baird (Nepean-Carleton): I'd like to nominate Mr Arthurs.

Clerk of the Committee: Mr Arthurs has also been nominated. Any further nominations?

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge): I respectfully decline.

Clerk of the Committee: On Mr Jackson, all those in favour? That's unanimous. Mr Jackson is the Chair.

ELECTION OF VICE-CHAIR

The Chair (Mr Cameron Jackson): Our next order of business is to elect a Vice-Chair.

Interjection.

The Chair: Mr Baird, I have a lot of staff in the room who would like to get on with estimates. I would like to move through the call for nominations for Vice-Chair.

Mr Arthurs: I nominate the member for Durham, John O'Toole.

The Chair: Any further nominations? Last call, any further nominations? Seeing none, I declare John O'Toole Vice-Chair.

APPOINTMENT OF SUBCOMMITTEE

The Chair: I need nominees for the subcommittee.

Mr Arthurs: I move the subcommittee include Ms Di Cocco, Mr O'Toole and Ms Horwath.

The Chair: Any further nominations? Last call, any further nominations? All in favour? Opposed, if any? Carried.

MINISTRY OF FINANCE

The Chair: I would like to welcome the Honourable Greg Sorbara, Minister of Finance. I recall doing his first estimates as minister, and I was his critic. So 20 years later we're back in the same room, in a little different position—

Hon Greg Sorbara (Minister of Finance): Same stuff, same speech.

The Chair: Welcome, Minister. According to our standing orders, we have seven and a half hours. Would you please introduce your deputy and your assistant deputy ministers who are with you for the record, for Hansard, and we are in your hands for 30 minutes.

Hon Mr Sorbara: I'm going to introduce my deputy, Colin Andersen. He's going to introduce the people who are going to help us through these marvellous seven and a half hours.

Mr Colin Andersen: Did you want us to go through the list now or as they come up?

The Chair: Quite frankly, only when members are present and have a chance to be recorded by Hansard, it's helpful that we then have their names. So as people come forward, if they'd introduce themselves, that's very helpful, but it is a very long list, which has been circulated to all members, of the staff who are here today.

Hon Mr Sorbara: I'll also introduce Len Roozen. Len, what is your appropriate title?

Mr Len Roozen: Chief administrative officer for the ministry.

Hon Mr Sorbara: If I recall procedures, if I understand the agreement, I'm going to begin with an opening statement of more or less 30 minutes, is that right?

The Chair: Less or equal.

Hon Mr Sorbara: Less or equal. I'll keep a good eye on the clock and try to govern myself accordingly.

I want to begin by thanking the members of the standing committee on estimates for the opportunity to address you today, tomorrow and some time in September as part of your public hearings.

I should begin today by focusing on the overall direction and objectives we had as we prepared our last budget, as I assume much of the discussion during these estimates will flow from what was in the budget.

You should understand that our first objective was to set ourselves a comprehensive plan to bring the province back to fiscal financial health. We determined after much

work that the most appropriate course was a four-year plan, which ultimately will show this province in positive territory in the fourth year of our plan.

Second, it was our objective to begin to significantly transform and improve the quality and effectiveness of public services, particularly in the areas of health care and education.

Thirdly—and I put a high premium on this during the budget speech—it was important in the budget to take steps to provide specific assistance to those among us who are most vulnerable. That's the reason we increased payments for those receiving Ontario disability support payments, those on public assistance and initiatives like the \$25 million that we allocated to children's mental health.

Finally, and most importantly, it was important for us in the budget to lay the groundwork for a new generation of economic growth in Ontario. That, I think, is the acid test of every budget. Given the reports I've heard as I travel around the province, and the objective analysis of rating agencies like Moody's, I'm very satisfied that in this fourth category we have done a good job indeed.

I should point out that the Ministry of Finance, as a central agency, is at the helm of change through the transformation of government. We are among the leaders in government in transforming how we deliver public services. The ministry will achieve these goals through a comprehensive four-year plan that will bring the province back to financial health.

We will hold program spending to less than the rate of growth in our tax revenues over the medium term, and that obviously is an integral part of our determination to get the province in the black again. We're going to be transforming programs and services so that they are more accountable, more affordable and certainly results based.

I want to say a word about the Fiscal Transparency and Accountability Act, which I introduced on budget day. If passed, that act would set a more responsible financial framework for governments—this one and all those in the future—including the requirement that an independent review of the government's books be put before the people of the province before an election.

As members know, the estimates for the Ministry of Finance provide the details of our operating and capital expenditures for 2004-05. They constitute our formal request to the Legislature for spending authority to implement key programs and services. The estimates are the result of a rigorous, results-based planning process. They are carefully developed to identify the resources required to implement the government's ongoing priorities and commitments. The estimates also include funding allocations for a number of new high-priority initiatives announced in the budget.

Part of the Ministry of Finance's role in implementing the four-year plan will be to address issues surrounding municipalities, property tax, infrastructure financing and tax administration, to name a few. We will do this with a mandate of ensuring transparency and accountability, as well as effective and efficient administration.

I want to start off with the area of municipalities. The ministry plans to implement various strategies to provide greater autonomy for municipalities. We will review property tax and assessment policies to provide a simpler, fairer and more stable property tax system.

My colleague John Gerretsen, the Minister of Municipal Affairs and Housing, will begin a dialogue with municipal leaders that will result in a new partnership between municipalities and the province, including issues relating to governance and financial tools. Central to these discussions will be a review of the community reinvestment fund, the largest unconditional grant to municipalities. Together with our municipal partners, we will examine options for a new fiscal relationship for 2005 and beyond.

We also announced in the budget the creation of the Ontario Strategic Infrastructure Financing Authority to provide efficient and affordable financing for our broader public sector partners. I'll talk about that in more detail in a few moments.

Never before have our municipalities faced so many challenges, from gridlock, particularly in the greater Toronto area, to soaring public health costs around the province. I would suggest to you that our four-year plan will help them meet these challenges.

The Ministry of Finance will also undertake the following projects to provide a more stable property tax system.

Interruption.

Hon Mr Sorbara: What do we do about that?

The Chair: It's a quorum call, but I'm not panicking. You can proceed, Minister.

Hon Mr Sorbara: I'm talking about a number of initiatives that will give us a more stable property tax system.

The first is introducing legislation that would further expand municipal options in designing the phase-in of current-value-assessment-based property tax for businesses.

The second is continuing to support municipalities through the early release of regulations for property taxes and community reinvestment fund forecasts.

1610

The third is continuing to review annual property tax regulations to identify opportunities for consolidation, streamlining, understandability and timeliness.

The fourth is altering the timelines of the assessment cycle to address challenges identified by key stakeholders.

The fifth is providing municipalities with a range of options to modify the tax capping program in order to increase progress toward current value assessment.

The sixth and final item is introducing legislation to revise the valuation date for property assessment by setting it back by six months to January 1 of the year preceding the taxation year. That will begin in 2006.

The next reassessment would be conducted for the 2006 taxation year based on January 1, 2005, property values.

Comme vous le savez, notre gouvernement a une vision pour les affaires municipales. Grâce à nos initiatives, nous établirons un nouveau partenariat encore plus solide qui fournira aux municipalités les outils dont elles ont besoin pour permettre à la population de l'Ontario d'avoir la qualité de vie qu'elle mérite.

Also, we will be increasing the province's share of public health costs from 50% to 75% over the next three years.

As we announced in the budget, in October of this year we will begin to deliver our commitment and dedicate two cents of the existing provincial gasoline tax to municipalities for public transit. We will begin with one cent in October 2004, 1.5 cents a year later and two cents in October 2006.

As I mentioned earlier, we have provided tools in support of public infrastructure financing that will allow expanding the infrastructure renewal loan program.

To this effect, we've created the Ontario Strategic Infrastructure Financing Authority. We call it OSIFA. Its job is to provide efficient and affordable financing to assist the broader public sector in renewing and building critical municipal health, education and housing infrastructure. Renewing Ontario's public infrastructure improves the quality of public services and helps build a strong and prosperous economy.

OSIFA is based on a proven pooled financing concept that aggregates the infrastructure investment needs of many borrowers into one borrowing pool. OSIFA will provide access to infrastructure capital that would not otherwise be available to smaller borrowers. Under the OSIFA approach, all borrowers will receive the same low interest rate.

OSIFA's 2004-05 infrastructure renewal loan program is focused on Ontario's municipalities, aiming to offer affordable infrastructure financing for five key municipal priorities: clean water infrastructure, sewage treatment facilities, waste management infrastructure, municipal roads and bridges, and public transit.

OSIFA is now accepting applications from municipalities for this year's loan program.

Along with Ontario's municipalities, the OSIFA infrastructure renewal loan program will include hospitals, municipal long-term-care facilities, colleges, universities, school boards and affordable housing providers. The parameters for the OSIFA infrastructure renewal loan program for these important areas will be announced later this year.

OSIFA will fund its infrastructure renewal loan program through the sale of infrastructure renewal bonds, IRBs, to institutional and individual investors. These IRBs will be attractive investments to large institutional investors such as pension funds and insurance companies, as well as local investors looking for a solid investment for their families and an opportunity to invest in their communities. The first issue of IRBs will take place later this year.

I'd like to remind all members of this committee that our government has made the commitment to implementing all the recommendations of the O'Connor report.

To this effect, in 2004 we will be investing more than \$400 million to support source-to-tap drinking water initiatives, including helping municipalities bring their water treatment facilities up to world-class standards set out in Ontario's Safe Drinking Water Act.

This will be supported by developing a 10-year strategic infrastructure investment plan to guide future investment decisions. The plan will identify long-term investment priorities in key sectors, such as water and waste water, transportation, health, justice, schools and post-secondary education. These infrastructure initiatives exist because, simply said, the strongest societies and the strongest economies are rooted in modern, reliable, efficient and affordable infrastructure.

To better serve the wider public interest, the ministry will undertake several important projects. The Ministry of Finance will be transforming Ontario's tax administration through organizational restructuring and modernizing the tax revenue division's main computer systems. It will also balance service and compliance in tax administration by adding both taxpayer service-oriented staff and, notably, enforcement staff. It will expand the integration of client services across ministries and jurisdictions through a number of co-operative efforts.

The ministry will continue to work on eliminating regulatory and interjurisdictional overlap and duplication in several financial sectors, including pension, insurance, loan and trust.

Le ministère travaillera à la modernisation des cadres réglementaires de plusieurs services financiers, dont ceux des courtiers en hypothèques des caisses populaires et des « credit unions ».

The ministry will be reviewing opportunities in its call centre operations to integrate services in the context of the larger OPS Service Ontario initiative championed by the Ministry of Consumer and Business Services. It will undertake a study for an integrated computer telephony infrastructure and business delivery model. Finally, the ministry will investigate opportunities to centralize revenue processing undertaken by other ministries.

The Ministry of Finance will undertake major initiatives in other areas as well. It will establish the Ontario Buys working group to make recommendations on the implementation of supply chain management in Ontario. As part of phase one of this project, the working group will focus on implementing supply chain management in school boards, colleges, universities and hospitals.

The province will include school boards, community colleges and hospitals in the province's financial statement starting in the year 2005-06 annual report and subsequent 2006-07 budgets in accordance with the generally accepted accounting standards now prescribed by the Canadian Institute of Chartered Accountants for governments in Canada.

When we consulted Ontarians, they told us that they wanted a government that was not only accountable and transparent but also well managed. These are initiatives that will help the Ministry of Finance make Ontario a leader in delivering quality public services in an efficient manner to improve the quality of life for Ontarians.

Other initiatives will ensure that areas of the province which have been neglected for many years will receive the attention they deserve from our government. My northern caucus colleagues remind me that Ontario is a vast province, and 90% of that province is in the north. Unfortunately, the extraordinary potential of the north remains largely untapped. That is why our government is committed to enacting a northern prosperity plan to help northern communities attract and retain investment and jobs.

1620

To this effect, the Ministry of Finance will be supporting lead ministries in the development and implementation of the northern prosperity plan. Two important components of this plan are the dedication of \$10 million to support the new GO North investor program and the decision to move forward with a \$135-million investment in community infrastructure initiatives through the northern Ontario heritage fund. The ministry will introduce legislation to establish the northern Ontario grow bonds pilot project as well. Finally, but this is also very important for northern municipalities, the ministry will be consulting on provincial land tax reform.

We have said that the primary objective of the budget is to lay the groundwork for renewed growth of the Ontario economy, and we have an ambitious goal. It is to make Ontario the North American leader in economic growth and in innovation. We have said we are going to do that with a fiscal policy agenda designed to eliminate the deficit over our first mandate.

Nous allons le faire à l'aide d'un régime fiscal compétitif qui génère les revenus nécessaires pour financer des services publics durables. Nous allons le faire grâce à un gouvernement efficient et bien géré. Et nous allons le faire en revitalisant notre infrastructure, en rebâtissant notre secteur de l'électricité et en maintenant les normes élevées des services publics.

It is unfortunately a sad fact that about half of Ontario's high school students, by choice or circumstance, do not go on to pursue a post-secondary education. Our government is committed to giving these young people the opportunity to benefit from and contribute to Ontario's economic growth.

That's why in the 2004 budget I announced several initiatives that would increase the number of apprenticeships in the province, helping ensure that we have skilled workers in the construction, industrial and manufacturing sectors in the years to come. The Ministry of Finance proposes to implement a new apprenticeship training tax credit to encourage employers to hire and train apprentices in skilled trades.

Every year about 125,000 people arrive from around the world to make Ontario their home. They enrich our province both culturally and economically. Ontario was built on immigration. Without it, our economy would grind to a halt. We owe it to new Ontarians, and we owe it to ourselves, to speed their integration into our workforce. We will start by tearing down the barriers that face

immigrants trying to enter the trades and professions in Ontario.

We know that job creation is the most important measure of a growing economy. This government understands that small businesses make a big contribution to job creation and economic growth in Ontario. That's why we held the line on the small business corporate income tax rate last fall, when corporate income tax rates were returned to their previous levels.

We also accelerated the increase in the small business threshold, and we are maintaining the \$400,000 exemption for the employer health tax. To better meet the needs of small businesses, we will meet our commitment to convert the Red Tape Commission into a small business agency. Also, the ministry will be introducing legislation to simplify the process for farmers to obtain retail sales tax exemptions on farm-related supplies and equipment.

Our May 18 budget contained two important new tax initiatives; for business, positive changes that would make us more competitive and promote investment.

First, we are proposing to gradually eliminate Ontario's capital tax. This tax, that businesses must pay whether or not they are profitable, is in effect a tax on investment and a tax on job creation. This important change would be phased in starting on January 1, 2005. It would mean that in 2008 more than 13,000 medium-sized corporations would no longer pay capital tax and by 2012 this tax would be completely eliminated.

The second tax change we are proposing is to change capital cost allowances to allow faster write-offs of computer and data network infrastructure equipment.

I'd like to say a few words about our policy regarding public assets. I want to reiterate what I have said in the budget, before the budget and after: We will not sell public assets in order to pay for our ongoing cost of operations; we will not use the sale of assets to hide deficits. What we will do is bring the very highest of standards to the strategic management of all our public assets.

We're going to undertake a thorough review of major provincial assets to evaluate the appropriate role of each asset and to assure their effective and efficient management. That review will include the Liquor Control Board of Ontario, the world's largest distributor of beverage alcohol. Our purpose will be to determine if Ontarians are receiving the maximum benefit from this very significant crown agency. Let me be clear: We will not sell the LCBO, nor will we sell TVOntario, to pay for the ongoing operations of government. We are not looking to sell anything.

It is possible—and I mentioned this in the budget—that our review may identify assets that are not providing enough ongoing value to Ontario but would, if sold, generate substantial revenues that could be used to increase efficiencies and promote economic growth. In that case, we would explore a potential sale on the basis that any revenues generated would be used for the change fund.

All these initiatives point in one direction. They are part of a new approach: budgeting for results. Ontarians

know, and we understand, that increased spending alone does not guarantee better results. That is why we will constantly review the programs we fund against the results they deliver. If a given program doesn't reflect the priorities of Ontarians, delivering desired results for the money that is being spent, we will either find a way to do it better or we will stop doing it altogether. And we will be reporting regularly on our progress toward achieving expected results.

Achieving better results for public services will require a transformation in how we deliver those services. That transformation will require some up-front investment. Community-based health care, for example, will require investment in new technologies and facilities. To that end, our government is establishing a \$1-billion change fund, which I referred to earlier.

Ontarians also expect accountability and transparency from their government. We have made a commitment to a rational approach to balancing the budget and increasing transparency. Accordingly, I have introduced a bill that would replace the Balanced Budget Act with the Fiscal Transparency and Accountability Act. The proposed act would provide a clear set of principles to guide fiscal policy: responsibility, flexibility, equity and transparency. The proposed FTAA would support the objectives of a balanced budget and improve the quality of information in the budget and in other publications.

The government is also committed to demonstrating accountability for the results of government activity. A new approach to planning and budgeting will make government more accountable by integrating government priorities and measurable, outcome-based results into the planning process and reporting regularly on progress. This new approach means that we will focus on the results of spending, rather than the amount of money spent when judging the efficiency of a program.

1630

We are also leading the implementation of a new financial system, referred to as IFIS, across government. Once fully implemented in the fall, this accrual-based system will mean that for the first time the government will have one financial system right across government.

To expand and update the skills of staff throughout the OPS, the Ministry of Finance's training unit continues to provide training in key areas like accounting, risk management and integrated decision-making.

I will conclude by saying that trying to force a balanced budget this year would have required deep spending cuts that would threaten necessary public services and unduly weaken the Ontario economy.

It is within the context of steady growth and prudent management that we have laid out our plan for steady deficit reduction. The confirmation of our AA credit rating is a real show of confidence in this government's four-year plan to put Ontario's finances back on track. We have a strong, credible fiscal plan in place, and we expect that the rating agencies would review it favourably.

We have also proposed amendments to the Taxpayer Protection Act that would allow revenue measures in the budget. By transforming services and holding program spending growth to less than the rate of growth in tax revenues, we will eliminate Ontario's structural deficit without putting priorities at risk.

Based on our prudent assumptions and after enacting the measures outlined in the budget, we project a deficit this year of \$2.2 billion, down from \$6.2 billion in 2003-04.

This year's one-time elimination of the liabilities from power purchase contracts entered into by the old Ontario Hydro—those costs would be included in consumer bills over the life of the contracts.

As we continue to work through our four-year plan, the deficit will be reduced to \$2.1 billion in 2005-06 and \$1.5 billion in 2006-07, and Ontario's books will be balanced in 2007-08.

We have budgeted reserves throughout the course of our plan to protect against unexpected changes in the economic and fiscal outlook. The reserves for this year are \$1 billion, and to better reflect the uncertainties inherent in our longer-range forecasting, we have increased that figure to \$1.5 billion for the years following.

Over the course of our four-year plan, the accumulated deficit, as a percentage of GDP, is projected to decrease steadily, from 25.3% in 2003-04 to 21.9% in 2007-08.

In closing, I would like to thank the committee for the opportunity to speak before you today, and I am looking forward to your questions.

The Chair: Thank you very much, Minister. Our standing orders provide that the official opposition now has up to 30 minutes.

Mr Baird: Thank you very much, Mr Chair, and congratulations on your election. Arthurs is a difficult man to beat, so I congratulate you.

Thank you, Minister, for your comments. I also want to thank you on the record for your briefing and introduction of a separate bill with respect to French translation issues and cleanup. It could have been just thrown in the budget bill, and I wanted to publicly thank you for introducing it as a separate bill so it could get proper oversight. It's certainly putting all the cards on the table. It's much appreciated, and I wanted to say that publicly.

Hon Mr Sorbara: I think that's going to be it for the compliments.

Mr Michael Prue (Beaches-East York): That was more than I expected.

Hon Mr Sorbara: No, he's going to be fair. He's always fair.

Mr Baird: I've said publicly that he's a very smart minister.

I want to know to whom I'm best to address this question, whether it's you or perhaps—I look at the organizational chart, with you at the head of it. Maybe it's best directed to your director of communications. I wanted to discuss the contract that David Herle, Paul Martin's campaign manager, got with the government. Am I best to direct that to you?

Hon Mr Sorbara: I think I'd probably be a good person to start off answering that question.

Mr Baird: How much did he make on that—because I want to vote for your estimates here.

Hon Mr Sorbara: You want to get details?

Mr Baird: Just a number.

Hon Mr Sorbara: I'm going to invite my deputy to identify the best person to respond to that question.

While he's doing that, I should make it clear to you that the contract actually was a contract of record with Decima Research. Am I right about that, Deputy?

Mr Andersen: The main contract.

Hon Mr Sorbara: The main contract was with Decima Research and the arrangements with Earncliffe were done as a subcontract to that.

Mr Baird: I'm just looking for how much.

Hon Mr Sorbara: Why don't we just put that question on hold for a bit. I know someone has an answer to that question. We'll go on to the next question.

Mr Baird: I'll come back to it in a few minutes. I wanted to inquire—I found it interesting that one of your officials, I think it was one of your spokespeople, someone by the name of Rosemary something or other, was quoted in the paper as saying that Decima was directed to hire Paul Martin's campaign manager, David Herle.

Hon Mr Sorbara: Well, it's very difficult to identify someone in the ministry as Rosemary somebody.

Mr Baird: Quoted as your spokesperson.

Hon Mr Sorbara: I think I'm going to have to ask you to find the quote. We'll identify the person and we'll—

Mr Baird: Maybe you can tell me. I know you used it in the Legislature. I just wondered, was that subcontract with Decima? Was that directed by you, a member of your staff, a member of the Premier's office, a member of cabinet office or a member of your ministry?

Hon Mr Sorbara: We'll get back to you on that with a full report within the hour.

Mr Baird: Within the hour? Much appreciated. I know there is a lot of concern.

Maybe I can again ask—I don't know to whom I'm best to ask this: Is it a common practice that you could direct a vendor of record to subcontract work?

Hon Mr Sorbara: We'll have someone answer all of those questions for you on the David Herle—

Mr Baird: What do you think personally? Do you think that's a good idea?

Hon Mr Sorbara: Let me tell you what I think personally. I think—

Mr Baird: On the subject of that question.

Hon Mr Sorbara: Yes, on this subject. The work that Earncliffe did for us was very effective work. The research they did, the analysis they did, was of the very highest professional standard. I was very pleased with the timeliness and the responsiveness of their work. Their information was invariably accurate, penetrating and to the point, and I was very satisfied. I was advised from the moment we entered into that arrangement that the con-

tractual relations were in accordance with all provisions relating to those sorts of contracts.

Mr Baird: Do you think it's a good idea that someone in government direct a vendor of record to subcontract work? You're the chancellor of the exchequer. You're the top dog. The buck stops, literally, with you. Do you think it's a good idea when a vendor of record is directed to subcontract work?

Hon Mr Sorbara: Let me say this about it: Historically the Ministry of Finance, under successive finance ministers, perhaps going back to Floyd Laughren but certainly ministers over the course of the past eight and a half years, have exercised that practice and directed those subcontracts and works to specific individuals and specific firms.

Mr Baird: If I was advising the new government that was taking power and they said, "What do you think of directing a vendor of record to subcontract work?" what would you say? What can I tell them your personal view is, the Minister of Finance's personal view?

Hon Mr Sorbara: I think you could safely say that my personal view is that if the specific contractor were identified as the best to do the particular assignment, and so long as that direction was in accordance with all governing regulations for such contracts, and so long as the vendor of record supported the choice, I would say it was a perfectly acceptable practice.

Mr Baird: But as a minister or ministry, you have a selection of five choices, as I understand it, for communications, public relations, public research and that sort of field. You can choose. So if Decima didn't want to subcontract to Paul Martin's campaign manager, you could just as easily go to Environics communications or to another person on that list, could you not?

Hon Mr Sorbara: I think that's fair.

Mr Baird: Wouldn't this essentially get rid of the vendor of record? If you could just direct—I mean, we could just keep these vendors of record for the next 100 years and you could just direct one of these five people to hire whomever you want.

Hon Mr Sorbara: Let me just make it clear to my friend from Nepean-Carleton that Earncliffe was chosen for this assignment based on work that firm had performed completely outside the area of politics, whether national or provincial.

1640

Mr Baird: They provided work to your federal counterpart, Paul Martin, for many years on tendered contracts.

Hon Mr Sorbara: And they provided work for a wide variety of private sector contracts, and it was based on the quality of their work outside the realm of politics, whether electoral or public administration. It was based on their work in those areas that the choice was made.

Mr Baird: I just found some of your and your colleagues' remarks about other practitioners in that same field rather compelling, the political connection to the governing party getting a contract. That's why I'm asking. I'm not talking about the quality of the work. I'm

not even talking about the company. I'm just talking about the one individual, David Herle.

Hon Mr Sorbara: David Herle was not the lead on that contract.

Mr Baird: Elly Alboim?

Hon Mr Sorbara: Elly Alboim was the lead on that contract, yes.

Mr Baird: The two of them worked on it.

Hon Mr Sorbara: That's right.

Mr Baird: So David Herle is the right-hand man of Paul Martin and Elly Alboim was the left-hand man of Paul Martin? I'm not familiar. I know he's an active partisan for Mr Martin as well.

Did you or your office direct that David Herle or his firm be hired?

Hon Mr Sorbara: A decision was made by the ministry to—

Mr Baird: Did you contribute to that decision personally?

Hon Mr Sorbara: No, I did not.

Mr Baird: Did you know of that decision before it was made?

Hon Mr Sorbara: Of course I did.

Mr Baird: And did your office concur?

Hon Mr Sorbara: Of course it did.

Mr Baird: Did you suggest it, or did the—

Hon Mr Sorbara: No, I didn't.

Mr Baird: Did your office suggest it?

Hon Mr Sorbara: I'll simply repeat to my friend from Nepean-Carleton that an analysis of a variety of firms was made and the decision was made to go with Earncliffe, based on work that firm had done outside the realm of politics.

Mr Baird: I'm fascinated by this analysis that was done. Can you tell me about it?

Hon Mr Sorbara: I think I've told you all I need to say about it.

Mr Baird: Would it be subject to value-for-money audits by the Provincial Auditor or this committee?

Hon Mr Sorbara: Absolutely.

Mr Baird: Would you be willing to submit that analysis to the committee so we could look at it? Because I want to vote for your estimates. I just want to—

Hon Mr Sorbara: No, you don't.

Mr Baird: I do.

Hon Mr Sorbara: No, you don't. Let's be—

Mr Baird: I worked at the Ministry of Finance for two years and I have a high regard for their talents and abilities. The former deputy was my deputy there, and I have great regard for the officials, and for you personally, and I want to vote for your estimates.

Hon Mr Sorbara: You could move unanimous consent to vote for the estimates right now. I wouldn't want to get in your way.

Mr Baird: I'm just waiting for those few questions that I asked. Would you be willing to give that analysis to the committee? Are you proud of it?

Hon Mr Sorbara: I'd be willing to reaffirm that an analysis of a variety of firms was done and a decision

was made to go with Earncliffe, based on work they had done in areas outside of electoral politics, whether national or provincial.

Mr Baird: If I were to go back to Bells Corners—it's the part of Nepean where I grew up and where my constituency office is—and someone were to tell me, "There's no way they're going to give you any of that analysis. It's a bunch of baloney. You'll never get it," what could I say to them? Could I say to them you would give it to us?

Hon Mr Sorbara: You could invite me back to Bells Corners and I could talk to them about it directly.

Mr Baird: You'd refuse to give that analysis to this committee?

Hon Mr Sorbara: I could repeat at Bells Corners what I said here, that the contract was issued on the basis of an analysis of their work. I should tell you that Elly Alboim's sister, Naomi, worked for me as a deputy in this very government, and I had never met Elly before he came and made a presentation to us under this contract. I actually did not know that his sister, Naomi—

Mr Baird: A great deputy minister.

Hon Mr Sorbara: And she was a fine deputy minister. She served me very well as a deputy.

Mr Baird: She stayed at Bells Corners when she was with the Ministry of Citizenship. She actually stayed in Bells Corners, at a very inexpensive hotel.

Hon Mr Sorbara: She did? And I haven't yet. You should invite me.

Mr Baird: You're invited to meet the constituents.

Going back to that analysis, we wouldn't be able to get a copy of it?

Hon Mr Sorbara: No.

Mr Baird: Why not?

Hon Mr Sorbara: Because you wouldn't be able to get a copy of it.

Mr Baird: Are you ashamed of it?

Hon Mr Sorbara: No, not at all.

Mr Baird: Don't you think the 120,000 good folks of Nepean-Carleton whom I represent—

Hon Mr Sorbara: Let me take it this far with my friend from Nepean-Carleton: We will analyze your request and get back to you.

Mr Baird: That's much appreciated. That'll go right up there with, "The cheque's in the mail."

Hon Mr Sorbara: Either here or at Bells Corners, whichever you prefer.

Mr Baird: Thank you.

Any luck on the person who is best for me to talk to? Is your communications director here?

Hon Mr Sorbara: Right now you're talking to me, and I think the conversation is going quite well.

Mr Baird: That's a contestable concept. Director of communications and corporate affairs branch, Victor Severino—is that individual here?

Hon Mr Sorbara: No, I think Victor is not here today.

Mr Andersen: No, but we will get the information.

Mr Baird: Do you have a rough idea what the contract was worth?

Hon Mr Sorbara: We have noted your request for the information.

Mr Baird: Do you have any idea what the contract value was? Has anyone talked to you about it?

Hon Mr Sorbara: As I've said to you, we've noted your request for information and we will provide that information in due course; my expectation is, as we continue these estimates, tomorrow.

Mr Baird: But I just want to know, do you have any idea what it's around? Is it a \$10,000 contract, \$1,000, \$15,000?

Hon Mr Sorbara: I wouldn't want to put a figure on the record now, so I am undertaking to provide that information to you in due course.

Mr Baird: You're good.

Those requests have been noted, Mr Chair. I wonder whether we could make note of those and, before we vote on them, they could be—

The Chair: The minister has assured you on four occasions in the last 20 minutes that he would have it either within the hour or by tomorrow at the latest.

Mr Baird: I read with great interest the report prepared by Erik Peters on the review of the 2003-04 fiscal outlook dated October 29. On page 1 he talks of a projected deficit and states, "I express no opinion as to what the actual deficit for the year ending March 31, 2004 will be."

Hon Mr Sorbara: That's right.

Mr Baird: I wanted to ask you a number of questions. You, with great fanfare, announced a hiring freeze that could save up to \$200 million. How much did you save on that hiring freeze?

Hon Mr Sorbara: Let's talk about Erik Peters's report for just a moment.

Mr Baird: I've got the report. We talked about it quite a lot in the House. I just want to know, of the \$200 million you said you could save, how much did you save?

Hon Mr Sorbara: If I might begin the answer by talking about the report and my response to the report—

Mr Baird: I'd be happy to meet with you at 6 o'clock and discuss the report at great length, but I only have a set amount of time. So I just want to know how much—

Hon Mr Sorbara: I would be less happy to meet you at 6 o'clock.

Mr Baird: We have an \$80-billion budget here, and I just want to know about \$200 million.

Hon Mr Sorbara: In response to the Erik Peters report, we took a number of steps. I reviewed those in the fall economic statement. At that point, we launched an unprecedented consultation process in preparation for the budget. If I recall correctly, we announced at the same time that there would be immediate efforts at restraining expenditures, including a hiring freeze.

I certainly will make note of your request to determine exactly how much of that \$200 million you say we

mentioned we saved, and I will undertake to get that information back to you by tomorrow.

Mr Baird: You said you'd take note of the request. Would you say it would be reasonable for us to get an answer? This is for last year's books.

Hon Mr Sorbara: We are actually here to discuss this year's estimates, but if we have information that is available and appropriate we would deliver that information to you as well, simply because I know of your interest in the history of the ministry as well as the estimates that we're looking at for this year.

The Chair: Minister, it's worthy of note that the standing orders do provide for your specific ministry that we can have access to fourth-quarter numbers from the last budget. I think that is part of the area of the question.

Hon Mr Sorbara: I'm making note of the request, and we will bring it forward, but they are not contained in the estimates—

The Chair: No, absolutely. That's understood.

Mr Baird: What was economic growth in the last fiscal year?

Hon Mr Sorbara: For that, I think we should invite Phil Howell up to the table and we could have a good, fulsome discussion about GDP.

The Chair: Welcome, Phil. Please state your name and your position with the ministry.

Mr Phil Howell: Phil Howell, assistant deputy minister, office of economic policy.

The growth for last year: As you know, in the budget we report growth on an annual basis—

Mr Baird: The fiscal year.

Mr Howell: The fiscal year, I'd have to calculate that. We have the quarterly growth.

Mr Baird: I just want to know for last year, fiscal 2003-04, what the GDP was.

Mr Howell: OK.

1650

Mr Baird: I'll come back to that. I'll go back to the minister, then.

Minister, page 8 of Erik Peters's report talks about "Uncertainties with positive potential," stating the CHST supplement of \$771 million.

Hon Mr Sorbara: That's right.

Mr Baird: Did you get that?

Hon Mr Sorbara: We did. Actually, that money was ultimately included in our budget for 2004-05. Let me ask the deputy to help me on this point. The money was allocated. It was part of a \$2-billion allocation made by the new administration under Finance Minister Goodale.

Mr Baird: But you didn't put a dollar of that into last year's fiscal year?

Hon Mr Sorbara: I think all of that money was allocated—

Mr Andersen: Over 2004-05 and 2005-06.

Mr Baird: And none of it was allocated to 2003-04?

Hon Mr Sorbara: That's right.

Mr Andersen: It's consistent with the legislation that the federal government introduced—the drawdown schedule.

Mr Baird: I think Mr Manley and Mr Goodale have been very clear that it could be put into any fiscal year you chose.

Hon Mr Sorbara: I was actually at a meeting of ministers of finance with Finance Minister Goodale and all the other financial ministers from across Canada, and the allocation that we made of that \$775 million is completely consistent with the policies for the \$2 billion that was allocated across the country.

Mr Gabriel Sékaly: I'm Gabriel Sékaly, the associate deputy minister. If I can answer that question as well, based on discussions with the auditor in terms of our past practice of accounting for money from the federal government—and that was over the number of years in which they had the drawdown schedule in the legislation and it did not include the year in which they made the announcement—this money that was provided by the federal government is over 2004-05 and 2005-06. It's consistent with past practice. It's consistent with more than half the jurisdictions in Canada. The federal government accounts for it differently, and you'll have to speak to their auditor on that. But based on discussions with our auditor and the past practice from the supplement we got a couple of years ago, it's the same practice, the same way of—

Mr Baird: But it was included in revenue. The Ministry of Finance included it as revenue in the 2003-04 budget.

Mr Sékaly: The federal—

Mr Baird: The provincial government, the Ontario Ministry of Finance.

Mr Sékaly: No. We included it in 2004-05 and 2005-06—

Mr Baird: You had it phased over three years.

Mr Sékaly: —over two years. We phased it over two years.

Mr Baird: Well, I noticed that on page 8 of Mr Peters's report, it says, "Uncertainties with positive potential," and he specifically cites 2003-04.

Mr Sékaly: Because at that point in October-November, when he was writing this report, we were unsure of how the federal government would be providing this money to the provinces. They did not—

Mr Baird: When Mr Chrétien makes a commitment, I take that to the bank.

The Chair: Mr Baird, would you let him finish, please?

Hon Mr Sorbara: Let's be really clear on this, I tell my friend from Nepean-Carleton: Mr Peters's report was made in October of last year; he suggested the uncertainty because there really was grave uncertainty about the availability of those funds. Let's remember the political climate and the political events at that time. It was a commitment made by an outgoing Prime Minister with an outgoing finance minister, with a leadership convention coming up in December, I think it was, which would choose a new Prime Minister who would then choose a new finance minister who would then present a budget. It was our view that we would not include those

revenues in any of our forecasts until we knew who was in power and what kind of budget they would be presenting. Ultimately, the decision of Mr Manley's successor was to structure the payment of the \$2 billion in a manner that required us in Ontario, given the accounting standards we use, to include those funds in two successive financial years.

Mr Baird: I know they booked it off as spending last year.

Hon Mr Sorbara: And that is why the former Provincial Auditor referred to it as an uncertainty. It continued to be an uncertainty until a new government was sworn in and a new federal budget was placed before the House of Commons. Ultimately, finance ministers met to agree upon the allocation of those funds. It would have been inappropriate for us to allocate those funds in any manner other than the accounting principles that are established by the Public Service Accounting Board, which governs the way we determine how we should allocate revenues and in which fiscal year.

Mr Baird: I'll move on to another question.

Mr Sékaly: I'm sorry. Can I just also—on page 5 of Mr Peters's report, he's very clear that the confirmation of a surplus was made from the federal government. He goes on to say, "In addition, the terms of this CHST supplement would have to vary significantly from previous such supplements for the province to record it as revenue for 2003-04." So he's very clear in his report about some of those conditions.

Mr Baird: So it would differ from previous. You said it was always done the same, though.

Mr Sékaly: No, I said we've done it the same way and that's why we booked it over a number of years. It has followed the same pattern, as outlined in Mr Peters's report.

Hon Mr Sorbara: One other point on that, if I might, Mr Chair—I know that my good friend from Nepean-Carleton would like to be obsessed with whether or not revenues from the national government are allocated to one fiscal year or another. Frankly, I don't think the people of Ontario care very much about what accounting standards they use. I think the people of Ontario are glad that the national government made that allocation and that those funds assist us in creating stronger health care programs in Ontario. I think the people of Ontario and Canada are looking for the commitments—

Mr Baird: OK. Chair?

Hon Mr Sorbara: —that the Prime Minister has made post-election to strengthen that system.

Mr Baird: Sorry. I'd like to move on, Chair.

Hon Mr Sorbara: I want it on the record that I'm looking for those commitments as well to be fulfilled after the campaign is over.

Mr Baird: Page 7 of Mr Peters's report says, "The Ministry of Finance has no information specifying which other assets were to be sold." Could I ask your deputy or any of your assistant deputy ministers: You had no information on any assets that were to be sold?

Hon Mr Sorbara: Well, look, I think it is unbecoming to question the authenticity of Erik Peters's report.

Mr Baird: I'm not questioning the authenticity of it. I just wanted to ask your officials.

Hon Mr Sorbara: No, with respect, my friend—

Mr Baird: I like Erik Peters. I think he's a great guy.

Hon Mr Sorbara: And I know that he speaks very highly of you as well.

Mr Baird: He does. He's from Nepean, near Bells Corners.

Hon Mr Sorbara: That's not the point. You seem to be questioning—

Mr Baird: I don't question his report. I don't question his competence. I'm just questioning—Erik Peters prepared his report based on the information that the Ministry of Finance provided.

Hon Mr Sorbara: And I'm going to ask the deputy to answer that question in a moment, but just as a preamble, I want to put it to you and to the people who are watching this committee that in the budget presented by Janet Ecker in March 2003, she included an element in the budget, a revenue element, of some \$2 billion coming from asset sales. In effect, what she did was present a budget that was not balanced, that was in deficit, that violated the Balanced Budget Act and, in order to plug that hole, she included asset sales of some \$2 billion so that ultimately she could present the budget as balanced. The fact is—

Mr Baird: My question was about the information provided to Mr Peters.

The Chair: Gentlemen, please. Mr Baird has asked a specific question of one of the staff. Minister, if you'd allow the staff to respond to the question that deals with the gap.

Hon Mr Sorbara: I'm going to encourage the staff to respond. I just want to take exception to—

The Chair: And that's on the record in lengthy detail. I'd ask the deputy to respond.

Mr Baird: My question is, what information was provided to Mr Peters with respect to asset sales?

Mr Andersen: I'm actually going to ask Gabe Sékaly to answer that question. It predates my time in the ministry.

Mr Sékaly: We provided Mr Peters with all the information related to assets that the government was undertaking in terms of sales, and that was basically Teranet, as outlined—

Mr Baird: OK. I apologize. His report says, "which other assets were to be sold," not which ones were being undertaken. I'm questioning the information that was provided to Mr Peters.

Mr Sékaly: We provided Mr Peters with the information regarding asset sales, and we had at that point in time no other assets that had been identified to be sold, as he states.

Mr Baird: You had no information on any assets which were to be sold other than Teranet?

Mr Sékaly: That's correct.

Mr Baird: You had no other Hydro assets that were listed to be sold, Hydro generating assets?

Mr Sékaly: There were, if I recall correctly, a number of discussions. There was no finalization of any—I mean, you're asking about the deliberations of a previous government. Obviously, in terms of deliberations of previous governments, there are issues that are of confidence related to that previous government that, as a civil servant, I can't get into.

Mr Baird: I guess my concern—and it's nothing personal—is that Mr Peters was given specific information and was not given other specific information, which he drew conclusions on. There were specific proposals with respect to asset sales that had been discussed, that had been presented to the executive council and that had been approved by the executive council, and Mr Peters was not provided with that information. Thus the public relations strategy used by the provincial government was based on a report which they knew had false components. This is something that's important to me.

1700

Hon Mr Sorbara: If I might just interject here, if the member himself has information about specific proposals for specific asset sales, and he is telling us now that he was part of cabinet deliberations that discussed specific proposals to sell specific assets under specific terms, so long as you're breaching your oath of cabinet secrecy, I would invite the member, I would encourage you to put additional information on the table to let us know what those assets were. I should tell him that I've now been the minister for some eight months, almost to the day, and there has been no information come to me through the ministry or any official of the ministry suggesting that there was specific analysis to sell specific assets. Again, if the former minister is now deciding that he is going to make public discussions that he had in cabinet, let him give us the details and we'll continue the analysis.

Mr Baird: I guess I'm just suggesting that Mr Peters came to conclusions with not all the information. He was looking at the 2003-04 fiscal year, and anything that made the previous government look bad was readily available to him, but the opposite side wasn't.

Hon Mr Sorbara: Once again, I invite you to put it on the record of these estimates.

Mr Baird: Like you, we'll come back to that.

Do we have the GDP number yet?

Interjection.

Mr Baird: It will be here in a second?

The Chair: Excuse me. Mr Baird, gentlemen, none of this is going in Hansard. If you're going to have a conversation, you can do it in the hall or you can do it in Hansard, one or the other.

Mr Baird: OK.

Mr Howell: We'll have that information in a moment. We need the 2002-03 fiscal year base, and I don't have the 2002 quarterly numbers with me in order to calculate it.

Mr Baird: We'll get that for tomorrow's meeting?

Mr Howell: Probably soon.

The Chair: Mr Baird, you have about five minutes left.

Mr Baird: Any news on the communications stuff?

Hon Mr Sorbara: We'll have that later in the day, or more likely tomorrow.

Mr Baird: I wanted to refer to your budget speech. In it you counted as revenue \$3.9 billion with respect to income from the liability—

Hon Mr Sorbara: Elimination of the liability arising from non-utility generators.

Mr Baird: I take no exception with the accounting treatment of that; it's fair and appropriate, as you mentioned in the House. What I do take exception to is that money being spent in the fiscal year. How is that different from selling assets for operating funds?

Hon Mr Sorbara: It's very, very different. For you to suggest that we have spent it in the year is simply to ignore the way in which budgets are made. We have expenditures of a particular amount for this year. We have revenues of a particular amount for this year. The difference between the two represents the deficit for this year. The accounting treatment when we eliminate the liability for the non-utility generating assets is very significant indeed. The accountants say, "You are to bring those revenues back into income in the year in which you make the decision that will result in"—

Mr Baird: I understand and take no exception to that. What I take issue with is your spending it. You should have brought a \$3.9-billion surplus.

Hon Mr Sorbara: No, no. What you take exception to is the fact that we have actually determined in this budget to make significant new investments in health care and education.

Mr Baird: I don't think anyone is taking exception to that.

Hon Mr Sorbara: If you take exception to expenditures, then you must, by virtue of what you're saying, be taking exception to the expenditures we're making to—

Mr Baird: I take exception to Enron economics. I take exception to putting \$3.9 billion as revenue when not a single dollar of that will make its way into the consolidated revenue fund, and next year we'll have to dig ourselves out of a \$3.9-billion hole.

Hon Mr Sorbara: My friend said a few minutes ago, Mr Chair, that he actually understood the accounting treatment, and then he suggests that the accounting treatment is inappropriate. I'll just completely ignore that line of questioning. OK? The accounting treatment requires us to bring those funds into revenue when we make the decision to—

Mr Baird: Why would you then not run a \$3.9-billion surplus?

Hon Mr Sorbara: Because we were left with a very significant deficit in public services. We chose in this budget to make significant new investments in health care and education to start to turn around the quality of those public services. Certain of those revenues are generated by way of the accounting treatment for the recovery of liabilities in the area of non-utility gener-

ators. There is nothing mysterious or difficult to understand about that.

Mr Baird: But the operating deficit would essentially be in the order of \$6 billion.

Hon Mr Sorbara: If we had not taken steps to recover those liabilities, the operating deficit this year would be in the area of \$6 billion. That's right.

Mr Baird: And we don't fully recover that money until 2048.

Hon Mr Sorbara: We fully recover the liability when we make the decision to treat—

Mr Baird: Do you recover liability when you don't get a dollar, when not a dollar comes into your hand? You'll recover that as a liability?

Hon Mr Sorbara: I am going to invite my friend to return to accounting class, to have a basic understanding of how these sorts of liabilities are treated. But before we do that—

Mr Baird: I'm going to remind you to return to Houston and look at what happened to Ken Lay—\$3.9 billion as revenue.

The Chair: Final question.

Hon Mr Sorbara: It's just absolutely objectionable and unacceptable for my friend to make that analysis.

Mr Baird: I don't know a single commentator who has looked positively on this issue. I take no exception with your making the \$3.9 billion as revenue. What I do take exception to is your spending it.

Hon Mr Sorbara: I'm telling my friend that that is a cheap, worthless political shot and we should get on with these estimates.

Mr Baird: But we have a minister who comes before the committee and says, "I'm not going to answer questions."

Hon Mr Sorbara: No, absolutely not.

Mr Baird: You said that virtually verbatim two seconds ago.

The Chair: Gentlemen, let's try to keep this on a—

Hon Mr Sorbara: I agree with you, Mr Chair.

Mr Baird: This is our opportunity to hold you accountable. I can appreciate that that may not be the joy and bliss you might have expected it to be, but you make these difficult decisions and you're subject to accountability on them.

The Chair: Thank you very much. I recognize by the clock that I am moving the microphone over to the third party. I'm in your hands as to who wishes to lead off. Mr Prue.

Mr Prue: Surely, but I think some of the members of our fine bureaucracy finally have those answers. Is that what I understand from your coming to the table?

Mr Sékaly: No, I was going to—

Mr Prue: All right, then I will proceed on another line of questioning. The famous health tax: Is it a premium or a tax?

Hon Mr Sorbara: It is a tax under the Income Tax Act. It is a tax which is described in our bill as an Ontario health premium. It has some characteristics of a premium; it has some characteristics of a simple tax. I

think the nomenclature is not particularly relevant, but I certainly would entertain further questions on it.

Mr Prue: No, I think it is relevant to people such as those union members who have contracts that say premiums are paid by the employer. Are these eligible as premiums?

Hon Mr Sorbara: No. In that respect, Michael, they're not eligible as premiums. Some charges under the Income Tax Act are called levies. I think the previous government implemented a tax that was described as a levy. The nomenclature isn't particularly important. The important point to understand here is that this is not a premium in the sense that failure to pay the premium disqualifies you from service. Failure to pay the premium is a violation of the Income Tax Act.

One of the reasons we turned to the Income Tax Act as a mechanism to implement the Ontario health premium was because, first of all, it's a system that is readily available and would reduce to a very low level our costs of collection. Secondly, the income tax system is progressive, and we wanted to use the stepped system that the Ontario health premium has and put it within the context of the Income Tax Act. But to be clear and straightforward on its eligibility as a premium under the union contracts you refer to, it is not. It is not a premium for those purposes, and it's not a premium in the sense that one needs to pay the premium in order to be eligible for the service.

1710

Mr Prue: I would assume from that that it's not a premium a person or a group of people in a union could negotiate to include in a collective agreement, as they did prior to 1989—that the employer shall pay my \$300, \$600 or \$900 premium this year.

Hon Mr Sorbara: Let's make it clear: The liability for the Ontario health premium is an individual liability under the Income Tax Act. If an employer and an employee want to negotiate and reach an agreement on adjustments to salaries and benefits, taking into consideration the fact that the individual, after July 1, is responsible for this premium, employers and employees are free to do that.

Mr Prue: You're saying a third party can pay the premium?

Hon Mr Sorbara: Well, in the sense that you have a tax liability, if you can arrange for a third party to pay that tax liability for you, that's not a particular problem. In a sense, it would become additional income or a taxable benefit.

Let me be very clear: It's not like a benefit, say, of providing a company car, which is a taxable benefit and must be included in the overall income of an individual employee. For example, if as an employee of a company you're provided with a residence or a clothing allowance, that represents a taxable benefit for which tax is payable. This is not a benefit in that sense because it is a tax liability of an individual based on that individual's income.

Mr Prue: It's just a little convoluted for me, but I'm going to move on.

Hon Mr Sorbara: No, it's actually not. It's actually quite simple.

Mr Prue: All right. Let's move on to something else. You're raising about \$1.6 billion this year on this health tax. I don't want to call it a premium any more, because you've just convinced me it's not.

Hon Mr Sorbara: If you like, we can call it a health tax.

Mr Prue: OK. You're also going to receive—and tell me if I'm wrong, or maybe the bureaucrats can—about \$725 million from the federal government expressly for health. My math says that's nearly \$2.4 billion, is that right? This is additional money that was not available last year.

Hon Mr Sorbara: Mr Chairman, if you could just bear with me, I think probably we could invite Gabe back up to the table to talk about it, just so that we can get to the individual figures. If my memory serves me well, the premium will generate \$1.4 billion next year.

Mr Prue: My actual figures are \$1.635 billion. Maybe the bureaucrats—

The Chair: That's why we have Gabriel here.

Mr Prue: Yes, that's why we have him.

Mr Sékaly: The health premium in 2004-05, as shown on page 70 of the budget papers, is \$1.635 billion. That is there. The additional federal monies—I'm just going to look that up. It's approximately \$740 million in additional federal money.

Mr Prue: Even more than I thought. OK. So if I add those together in fast math, that comes to \$2.375 billion.

Hon Mr Sorbara: This year.

Mr Prue: This year. Health spending, according to what I can read in this same book, is going up \$2.160 billion. Is that number correct?

Hon Mr Sorbara: That actually is the Ministry of Health and Long-Term Care's increase for 2004-05.

Mr Prue: Between that we have about \$200 million plus.

Hon Mr Sorbara: I think my friend's problem is in your lack of understanding—

Mr Prue: Oh, I think I understand.

Hon Mr Sorbara: Of the—

Mr Prue: Mr Chairman, you're the Chairman.

The Chair: Mr Prue hasn't even formulated his question. I know you're being extremely helpful to the members, but would you allow Mr Prue to ask his question—

Hon Mr Sorbara: Sure, I will do that.

The Chair: You can correct him later, but he hasn't even finished his question.

Mr Prue: In the House over the last few days many suggestions have been made that this more than \$200 million is going outside the envelope of what was traditionally called health. Much was made of sewers, sports injuries and other things.

Hon Mr Sorbara: Right.

Mr Prue: Is that where the money's going, to this non-traditional area?

Hon Mr Sorbara: The answer is no. The Ontario health premium will all go to incremental expenditures in the Ministry of Health and related ministries for health over the course of the four-year plan.

Where we get into some difficulty is with the federal transfer. You should understand that the federal transfer will do a variety of things. Down the road, we don't know what the federal transfer is going to be, we don't know who's going to be governing, we don't know their policies. Take this year, for example. A part of that federal transfer goes to our basic health care costs. This is consistent with the principles established by Roy Romanow that the federal government should be paying 25% of agreed-upon health care costs. Currently, that number is about 16% or 17%. So the federal government has a way to go to make up their full contribution to our basic health care costs.

The other thing that is to be noted about the federal government's participation in these costs is that often their transfers to provincial governments are very specific transfers with very specific conditions attached. You can't simply say, "Well, you're getting that money and you're getting the health care premium, so overall you're getting this much more."

The third thing to note is that some of the federal government transfer does go to what your party, and I think all parties, describe as the broader determinants of health. For example, if you go to page 44 of the budget, you'll note that there was an expenditure in our budget this year of \$25 million for children's mental health. It says in budget paper A, designed to "enhance community-based programs serving children at risk." This is not part of an expenditure that is currently undertaken in the Ministry of Health and Long-Term Care, but it is every bit as important an expenditure on health care as is an expenditure for additional higher-quality services in long-term care or a grant to build a community health care centre or funds to expand the number of family health teams. That it exists outside the four corners of the Ministry of Health and Long-Term Care probably isn't very relevant.

Mr Prue: Did the federal government put any conditions on their \$740 million, either to allow or not allow the expenditures outside the traditional envelope?

Hon Mr Sorbara: I can't speak to the specifics of that \$775. Gabe, I don't know if you can or whether you need to hold that question over to the estimates of the Ministry of Health.

Mr Prue: The reason I'm asking is, you made the suggestion that the Ministry of Health earmarked some of it for specific things, and I haven't heard that they specifically allowed the money to be spent for sewer construction, children's mental health or anything else. I'd like to know, did the federal government specifically say that any part of that \$740 million could be expended outside traditional health care?

Mr Sékaly: There are different agreements with the federal government, some of which are for general usage relating to the CHST transfer—

Mr Prue: Which means?

Mr Sékaly: The Canada health and social transfer, which is just a general amount of money given to provinces, and the provinces decide on how best to utilize that within the range of programs that make up social services, health and educational programs.

There are other, more specific, programs that the federal government also has; for example, the primary care transition fund. The money would then have to be used for primary care, which we would, or immunization or things like that. Those are specific programs that the federal government has entered into with provinces, and we do utilize that money for those specific reasons, as per agreements with the federal government. So it's a mix of things.

1720

Hon Mr Sorbara: Might I just add further to that, Mr Chair?

The Chair: Only if the member wants to hear further. Are you satisfied with that answer?

Mr Prue: No, but I wanted to go on, because you can only ask so much in a half hour.

The Chair: Fine.

Mr Prue: I'd like to go on. Trying to get an answer here is pretty tough.

Mr Baird: He's good.

Mr Prue: He's very good.

Hon Mr Sorbara: The short answer is that in 2003 the federal government made specific allocations; for example, \$16 billion over five years for primary care reform, home care and catastrophic drug care coverage. They also allocated \$1.5 billion over three years for a diagnostic medical equipment fund.

The short answer is, some of the money comes without strings and some of it comes with very specific conditions attached. If you like, tomorrow we could bring you very specific analysis of the \$775 million to show you what amount applies to what conditions and what amount has no conditions attached.

Mr Prue: Just a last question on this and then I'm going to go on. I was very curious, since you include sewers and some other stuff, that you didn't count the Ministry of Labour's health and safety spending as a health expenditure. That seemed to me the most logical one, yet you put that outside the envelope. Can you tell me why?

Hon Mr Sorbara: There is no envelope in that sense. The information that we provide on page 44 of budget paper A is simply illustrative of year-over-year increases in programs contributing to healthier Ontarians.

Perhaps we should have included some work done by the workplace health and safety agency. The work of the Workplace Safety and Insurance Board in promoting health care is very important, indeed. It may well be that we didn't include that because of the fact that expenditures in health arising from workplace accidents are separate and outside the budget of the Ontario government and the Ministry of Health and Long-Term Care. In other words, if you receive service at Toronto General

Hospital for a broken leg as a result of a workplace accident, the expenditures incurred in that accident are covered by premiums paid by employers under the Workplace Safety and Insurance Board funding system. Maybe that's why those who wrote budget paper A chose not to include those expenditures.

Mr Prue: I'll go on to another line of questioning. This has to do with the whole fairness of your tax. You tell me if I'm wrong about this. I've tried to do a little bit of research, back to the Harris years. As you know, I was only here one week when he quit.

Hon Mr Sorbara: I think that's why he quit—the fact that you were elected.

Mr Prue: I think I might have had something to do with it, yes; I can't say I know the man very well.

What we understand happened in those days is he had a whole bunch of tax cuts, particularly to the well off. People who earned \$100,000 received a \$5,100 tax reduction from the Harris tax cuts. Those earning \$125,000 received \$6,300. Those earning \$150,000 got \$7,400, and those earning \$200,000 got a \$13,150 tax cut. Do you not think this was a good place—these guys are rolling in dough, obviously, from the previous years—rather than the way you went, to tax a single mother with a couple of kids who earns \$30,000 a 24% tax increase? Did you not think this was a more logical thing to do? Did you even look at this option?

Hon Mr Sorbara: The short answer is that we looked at a wide variety of options. What you should know is that we ultimately designed a premium that would be fair and equitable across all income levels. I know that your party has tried to make a lot out of this increased burden on low-income families, and I'm very sensitive to that. That's why one does not begin to pay any premium at all until one has a taxable income of \$21,000. At that level, the premium is precisely \$60 per year.

Mr Prue: Five bucks a month, yeah.

Hon Mr Sorbara: I should tell the member that our higher-income earners do pay a very significant amount of tax. If you earn, for example, \$150,000 in Ontario, you pay close to 40% or 45% of all your income in tax. So if you make \$150,000, you're paying in the area of \$60,000 or \$70,000 in tax every year. That tax burden remains competitive with other jurisdictions in Canada, but at the very stretches of competitiveness. By contrast, if one makes about \$25,000 per year in Ontario, one pays about 9% or 10% of one's income in income tax. So, for example, \$25,000: 10% is \$2,500. That's called a progressive tax system.

The reality in Ontario, after we apply the Ontario health premium, is that we still have a very competitive and the most progressive tax system in Canada, when you add up income tax and the health premium, for all income earners from \$20,000 into the \$55,000 or \$60,000 range. Thereafter, our tax system starts to become a little bit less competitive.

What does that mean in practical terms? It means that if you put more tax burden on someone earning \$150,000, his or her tax burden becomes so uncom-

petitive that he starts to think, "It's better to move to Alberta or it's better to move to California or it's better to move to Boston or it's better to move to Michigan, because I'm going to pay less taxes there."

We remain competitive at the lower levels. We're at the limits of competitiveness at the higher levels.

Mr Prue: Is that the rationale you used in order to come up with this tax system that many have called unfair? I need to know why you did it.

Hon Mr Sorbara: It's one of the elements that we considered to make sure that our tax system remained fair to all taxpayers, so the maximum burden at the highest income levels is \$900. You have to remember that this is the only jurisdiction in Canada that has a premium system that is specifically geared to income.

Mr Prue: But there are only two others that even have this kind of tax, and they're both pretty right-wing provinces. You're emulating Alberta and BC, although you might be doing it just a little bit more fairly.

Hon Mr Sorbara: No, we're not emulating either of those provinces. We created a unique health premium in Ontario to give us the revenues to make the investments, that I think you support, in the area of health care.

Mr Prue: Did you look at other forms of revenue? I've talked about, and other people have talked about, the dedicated health tax, the EHT, the employer health tax. Isn't there an exemption on the first \$400,000 in payroll under this tax?

Hon Mr Sorbara: Oh, yes there is and—

Mr Prue: If there's an exemption, why didn't you simply abolish that?

Hon Mr Sorbara: The answer is that we looked at a wide variety of revenue mechanisms and we determined that the Ontario health premium, as we created it and proposed it in the legislation that I introduced yesterday, was the fairest.

I know your party has had a lot of questions and a lot of suggestions that we should have changed the structure of the employer health tax so that we start taxing businesses with payrolls of under \$400,000.

Mr Prue: No, I don't think we've ever said that. What we've said is that big companies like General Motors, Ford, Bell Canada or the big insurance companies get the \$400,000 exemption too. Why?

1730

Hon Mr Sorbara: Because the exemption, as it's currently structured, exempts the first \$400,000 of it.

Mr Prue: Why?

Hon Mr Sorbara: Because that is the way to protect small and medium-sized businesses in this province. We also exempt self-employment. I know you would like to tax everything that moves, to find a way to extract funds from a wide variety of sources. But frankly, as a Minister of Finance, my responsibility is to make sure that we have a competitive and fair tax system as well. The \$400,000 exemption protects small businesses from an undue burden of taxation and is very broadly supported right across the province by commentators from the right, the left and the centre.

Mr Prue: They could not be protected based on the amount of income they make or the number of employees they have? The same exemption has to be given to giant multinational corporations as well?

Hon Mr Sorbara: We will obviously examine your suggestions very carefully.

Mr Prue: OK. How much time do I have, Mr Vice-Chair?

The Vice-Chair (Mr John O'Toole): There's about five or six minutes left.

Mr Prue: Then I'll go on to my last line of questioning. You have projected a \$2.2-billion deficit for this year, and we heard earlier about the \$3.9 billion less in revenues because of the NUGs, the one-time-only—what my friend who is not here now referred to as an Enron accounting trick. Can you tell me, does this have consequences for out years, for the next couple of years?

Hon Mr Sorbara: Does the revenue generated by recovering the liabilities from the non-utility generators have consequences?

Mr Prue: Yes. You're taking all the money in one year. Does it have any consequences for the budget numbers for the coming years?

Hon Mr Sorbara: Not particularly in the overall revenues and expenditures. There are changes to the way in which we bill for electricity. Those funds are ultimately recovered through electricity rates, but there are no specific consequences for the overall revenue or expenditures of the province.

Mr Prue: My reading from page 12 shows that—

Hon Mr Sorbara: I'm going to ask the deputy to comment further on that.

Mr Andersen: Given this item came up before, maybe we can do some clarification. I'll ask the controller of the province to come up and explain how the elimination of the liability works and how it ties to ensuring that customers are paying the true cost of electricity.

The Vice-Chair: Would you mind stating your name for Hansard?

Mr Robert Siddall: Robert Siddall. I'm the provincial controller for the province of Ontario.

With respect to the comments that were made previously, there is no impact in terms of, once we extinguish the liability, what happens is that we no longer have to provide cash in future years to pay back that liability. So in terms of a simple answer to the question of what happens with the liability in future years, the liability is extinguished by the changes in legislation that we're bringing forward, such that it will be charged to the ratepayers of electricity in the future and the province no longer has a liability on its books for the amounts involved.

Mr Prue: So the ratepayers are going to end up paying higher costs to get rid of the government liability?

Mr Siddall: The ratepayers are going to have those costs that were previously set up in that liability passed on to them.

Mr Prue: OK. I think we all understood that.

My reading of the budget on page 12 is that the Ministry of Health only has a \$600-million increase in funding in 2005-06. How does that compare with previous years?

Hon Mr Sorbara: It's significantly lower than the increase between 2003 and 2004.

Mr Prue: Health care went up \$1.9 billion between 2001 and 2002, \$2.5 billion between 2002 and 2003, and \$2.1 billion between 2003 and 2004, if I have my numbers right here. Would you say that's right? And now it's going up only \$0.6 billion for next year. Why is that?

Hon Mr Sorbara: Mr Chairman, Mr Prue has been a mayor of a significant municipality. He understands the requirements of actually paying your bills. One of the things that has not generated—

Mr Prue: And paying down the debt.

Hon Mr Sorbara: And paying down the debt as well.

I think one of the things that has not been well understood in this budget is that we are putting in place a very rigorous degree of financial controls to start to bring down the overall cost of government. You know, and might want to admit during these estimates, that we simply can't allow the cost of health care in the province to grow at 6% and 7% and 8% indefinitely and expect that we are going to be able to pay our bills when our revenues are growing at 3% and the economy is growing at 3.3%.

So, yes, if you do the math, you'll see that overall the expenditures in the Ministry of Health and Long-Term Care will grow, on average, at a rate of 3.5%. That is lower than the historic rates of growth in the last three years of the previous government's expenditures. We're very up front about that. We are going to tackle the exploding cost of health care in Ontario. We have to bring down the rate of growth. We cannot allow one ministry or one activity of government to eat up increasingly large portions of the revenues that people in Ontario pay in the form of taxes. So, yes, next year, in the absence of allocations which might come from an extended change fund, what we've allocated in our four-year plan are additional expenditures of some \$600 million.

Mr Prue: Just on that, I want to figure out where you're going to for \$600 million, because last year acute services went up \$900 million, doctors went up \$450 million and the drug plan went up \$250 million. If my numbers are right, that's \$1.6 billion. You're forecasting spending \$1 billion less. Where's that money going to come out of: the hospitals, the doctors, the drug plan? What's going to happen to them?

Hon Mr Sorbara: There will be a variety of transformation mechanisms which will collectively help us move health care from a hospital- and doctor's-office-oriented system to a community-based system. I can't give you chapter and verse as to where we will make those savings in the next fiscal year. Suffice it to say our plans include reductions in the rate of growth of expenditures that allow us to meet the targets we've set out in the four-year plan that is represented in the budget.

Mr Prue: So people can expect target reductions of about \$1 billion, unspecified at this time, in what normally would have been spent in their hospitals, doctors, acute care and drugs?

Hon Mr Sorbara: It's not fair to describe those as reductions when the expenditures will increase. The rate of growth of the increase will not match the rate of growth this year. We are going to get this thing under control. I don't think it's fair to characterize it as reductions. The rate of growth will be moderated, yes.

The Chair: Final question, Mr Prue.

Mr Prue: One more? OK, let's go on. Also on page 12, ministries such as training, colleges and universities are flatlined in 2005-06, and then you went out and appointed Bob Rae to look at the future. I don't know how he's going to do it without any money. There are many ministries, as many as 15, that will either be flatlined or, due to inflation, by 2005-06 will actually see reductions of up to 12%. What kinds of services could people expect to no longer see from this budget and the following years?

Hon Mr Sorbara: What people can honestly expect to see is a government that is under transformation. I tell my friend, Mr Chair, that if we do not bring down the rate of growth of government in this province, we will do serious damage to the quality of our economy and the quality of our public life. The previous administration—

Mr Prue: You're sounding just like them, by the way.

Hon Mr Sorbara: No, I'm not at all. The previous administration was driven by one set of policy initiatives; that is, cut taxes further and further. They did serious damage to the revenue base. I've made this point in the Legislature, but it's worth making again. Over the course of the last three years of their time in office, our economy was growing at a pace of about 2.5%. At the same time, the revenues that came in from this province's tax revenue mechanisms actually went down by 0.6%. So you can see in that how they change the tax structure to shortchange the province of revenue, even when the economy is growing.

1740

Look, we all know—anyone who has to do with government, whether you've been a mayor or a Minister of Finance—if the economy is shrinking, your revenues will shrink. That's inevitable. But to have your revenues shrink while your economy is growing is simply to describe a system that is totally out of whack.

You say we sound like the previous administration. I have to tell my friend what a difficult decision it was, given our campaign commitments, to acknowledge publicly that we had to raise additional revenues, that the province was on a road to a financial crisis. That was the most difficult decision I think we'll ever have to make. So we are not on the same course as the previous government, but we do have to manage down the rate of growth of our expenditures. And if you were the Premier wearing an NDP stripe or if you were a Minister of Finance wearing a Liberal stripe, you would have had to acknowledge the same reality.

The previous administration, simply in their last three years, let expenditures just get completely out of control. They tried to spend their way back into the good books of the people of Ontario. It didn't work. But expenditures grew by 22% over the last three years. That was irresponsible. We can't let that happen. We cannot allow ourselves one iota of irresponsibility. The situation is too serious.

We have made a commitment to balance our expenditures and our revenues. We've given ourselves four years to do it, but it's going to take some rigorous cost-cutting in some areas. It's certainly going to require me to say no on expenditure requests 10 times for every time I say yes.

The Chair: Thank you, Minister. In the balance of the time allocated for today, we have an opportunity for your rebuttal and for responses to questions, where your staff are prepared to respond. I need four minutes of the committee's time, before we adjourn at six, to do some committee business.

Mr Roozen: With respect to the question around the contracts raised by Mr Barrett, that information will be brought to the clerk tomorrow.

The Chair: Thank you.

Hon Mr Sorbara: Why don't I just suggest that we leave all of those responses, and we'll begin tomorrow with a series of responses based on questions that arise today.

The Chair: I believe we've asked for that information in writing so we can have those responses and it can be circulated to every member. That's the custom. I'll allow you your time now.

Hon Mr Sorbara: There was some discussion about me forgoing my rebuttal, and I would be very happy to do that—

The Chair: I don't have a motion for that.

Hon Mr Sorbara:—then we would cut that from the overall time.

The Chair: I gave you some additional latitude in your opening statement, Minister, so I'll ensure that you have the time in accordance with the standing rules. If you want to yield it or modify it or allow for questions from your caucus, it is your 20 minutes. Of your 15 minutes, I need four or five minutes of committee time because we haven't ordered up some agenda items.

Hon Mr Sorbara: OK. I don't have any comments in rebuttal. I think we should just continue with questions.

The Chair: Fine. Let's do that. I'll start a questioner's list here and then we'll—well, I'll let the Liberals go first.

Mr John Milloy (Kitchener Centre): On a point of clarification, how does this work? We get the floor for how many minutes to ask questions?

The Chair: That's part of what I needed to order up our business for, to determine the length of rotation. That has not been done. I don't wish to waste the Minister's time while we argue that out.

The Minister has graciously agreed to field questions. I've acknowledged you; ask a question. I will move you

along in rotation until six o'clock, when we can order up the balance of our time, because we have not resolved that question. Unless you want to take 10 minutes and iron it out now, but I don't want to waste the Minister's time.

Mr Milloy: No. I'll begin, then.

I guess, Minister, maybe to pick up where you left off with your answers to Mr Prue's question, the recent budget had some very tough choices in it. What I've noted is that the Conservative opposition seems to be rewriting history a little bit. I heard a recent presentation by a Conservative MPP, who outlined the fact that it was all about SARS and the blackout, that SARS and the blackout had caused a shortfall in provincial revenues—a small shortfall which appeared in the fall—and that what was actually put forward was a bit of belt-tightening on the part of the government. We could have gotten over that shortfall and then moved forward.

My question to you is around your thoughts on this characterization. As I said, it seems to be rewriting history, because I don't remember any of the Conservatives mentioning any of this in the election. But about this rewriting of history, about this idea that we could have engaged in a bit of a belt-tightening and had a balanced budget—I guess the final part of the question is, you obviously looked at everything, in terms of how to proceed, and I wonder what would it have taken, what would you have had to do, in terms of cuts and other measures, to bring forward a balanced budget this year and not have gone for health premiums?

Hon Mr Sorbara: I want to thank my colleague for the question. I think it's an important one. The SARS crisis and the blackout did have an impact on the fiscal year in which they both occurred. There's no doubt about that. It slowed economic activity and, in the case of SARS, gave rise to increased expenditures by this government under the previous administration. There's absolutely no doubt about that.

But the financial circumstances that we inherited when we were elected went well beyond those two significant events in that year. We inherited a structural deficit. What does that mean, in simple terms? It means that if you don't make some major adjustment, either to your revenues or to your expenditures, you're going to be short every year for the foreseeable future. Another way of expressing it is you simply can't grow your way out of the deficit. That is, if the economy grows by a rate of 4% or 5% rather than the 3% forecast, that doesn't get you out of the structural deficit because your cost base grows as well. The province had a structural deficit. It needed an adjustment in revenues or expenditures.

Just let me put this on the record: I wish they were right. I wish it was just a one-year problem. I wish we could have said that we'd solved the province's financial problems without additional revenue. I repeat, can you imagine how difficult it was to have to make the decision to increase revenues in Ontario through the Ontario health premium, having committed in the campaign that we weren't going to do it? That's really, really tough

politics. We know about the angry reaction of some people around the province. It's not about what's in the budget; it's around the fact that, "You said you were going to do one thing, and you had to do the other."

So I wish that what the previous administration, what the Conservative Party, is saying now were true: that it was just a one-year problem and that with a little belt-tightening, we could have fixed it. The fact is that in order to fix it in this year—that is to say, to give the people of this province a balanced budget without any additional increases in revenues, whether an Ontario health premium or something else—would have required a most significant cut in levels of public service and public services, a level that would have been completely unacceptable to the people of this province.

1750

Let me give you an example. We would have had to find about \$2.5 billion in savings in this year. How do you recover \$2.5 billion? If you let 16,500 teachers go, you'll save about \$1 billion. If you close the entire community college system, you save about \$800 million, I think it is. If you close about 10 of the larger community hospitals around the province, like the one in my community—York Central Hospital's a community-based hospital; it's not a teaching hospital—you'll save about \$1 billion. It's so easy for some to suggest, "Well, just cut right across the board," but that would involve deterioration of education services—say you take \$500 million out of education; that still means laying off thousands of teachers—taking \$500 million out of health; that means cutting hospital beds. I'm not talking about reducing the rate of growth; I'm talking about real reduction in expenditures.

The notion of just that kind of drastic cut in the quality of public services was not acceptable to us as a government. Yes, we did campaign on the basis that we would not be increasing revenues, but we also made very clear promises about improving the quality of health care and transforming it so that it was more community-based. We made very specific commitments about ending the war in public education and about smaller class sizes and more efforts in numeracy and literacy. All of those were very meaningful to us, and so we made the really difficult choice of abandoning the commitment not to raise revenues so that we could begin to enhance the quality of public services and, over the course of four years, give the people of Ontario a balanced budget.

The Chair: Thank you, Minister. Next I have Mr O'Toole, Ms Horwath and Mr Arthurs. We'll try to keep the questions and answers short if we want to get it in this rotation.

Mr John O'Toole (Durham): Thank you very much, Minister. I find the presentation interesting. I have one specific question—more a point of information—which I'll get to, and I have one comment further to the \$3.9 billion.

I asked a question today in the House. At the time, the Minister of Energy wasn't present. Initially I directed it to the Premier, and it subsequently got back to the

Minister of Energy. It was the same question on the \$3.9-billion number, how it shows up on the revenue side in the 2004-05 year, really, as \$4.024 billion. It's a one-time charge in the footnote of \$3.88 billion related to this non-utility.

I feel now, from what I've heard from staff, that the answer he gave me was incorrect, although that's the theory in question period, that it's not answer period—I understand that. But he said today that that rate will further show up some time in the rate bill. There's no question that at some point in time—

Hon Mr Sorbara: Yes.

Mr O'Toole: I'm pleased to clarify that, because it's something the consumer should know. The April price increase was part of it.

There are structural reasons for off-loading that future liability. I understand that. It affords you less expenditure, really. That's all it's avoiding, is you paying this spinning reserve, or whatever it was called, into the future. That's a good point of clarification.

I understand the principle of accounting, that you said it must be stated, when the decision is made, as an in-year source of revenue, but it does sort of offset what I consider to be the real mystery of how you support your ongoing spending that you've started this year.

I just want to bring you back to one thing you said, which I strongly disagree with. Now, I'm not an economist or a tax expert, but I've been watching for a long time. There are those who believe the tax policy at the provincial level does influence the return or the revenue—

Hon Mr Sorbara: I'm sorry?

Mr O'Toole: It does influence return, revenue.

Hon Mr Sorbara: Sure.

Mr O'Toole: You were saying that it's not sustainable or there's a structural deficit and all these things. But the point here is that if I look at your own document on page 70, on the revenue side, and I just take the tax revenue from the government's own sources, not looking at transfer payments, essentially—from 2000 to 2001 only, though the 2003-04 year, 2005 year, if you want to say, because there's still some hangover effect—there's about a \$4-billion increase in revenue.

If you're suggesting that reducing taxes reduces revenue one for one, I don't think that's supported. If you look at the expenditure side, we've increased expenditures just in health care by \$11 billion. As the Minister of Finance, you're saying one thing that doesn't hold up in your own accounts here. If you look at the total revenue side, including in that the very generous government of Canada transfer payments—

Hon Mr Sorbara: Exactly. You hit it right on the nose.

Mr O'Toole: —there's almost \$6 billion or \$7 billion of new revenue showing up there in the 2004-05 year.

Hon Mr Sorbara: Should we just stop at that?

Mr O'Toole: I've got a question there, though. Really, this all amounts to a question.

The Chair: Mr O'Toole, you have about one minute left. How much of that would you like the Minister to respond?

Mr O'Toole: The question is this: If you were to get into an argument on the economics of it and the generation of revenue, what is the relationship in specific dollars? What does 1% in GDP equal in terms of revenue on the positive side, a positive growth in GDP?

Hon Mr Sorbara: About \$600 million.

Mr O'Toole: OK, that's the number they use. What's on the negative side? If you lose a point of the GDP, is it still just \$600 million?

Hon Mr Sorbara: It's more or less \$600 million.

Mr O'Toole: If you look at your own document, on page 53, you'll see that there was a significant revenue problem; SARS and other economic risks, I suppose, during the 2003-04 year. You'll see that the forecast in personal income tax revenue fell off by \$1.2 billion. Doesn't that really depend on economic conditions underlying that? That is, the GDP falls and your revenue falls. You told me—what did it drop? I thought it dropped about 1.2% and that we lost \$1.2 billion.

Hon Mr Sorbara: In answer to the question, I want you to continue to look at page 70. I want you to note that the taxation revenue for the province of Ontario in 2000-01 was \$49.47 billion. In the interim, for 2003-04, it's actually less by about \$300 million, at \$49.16 billion. If you just go down to the next level, you'll see the revenues from the government of Canada during the same period go up by \$3.8 billion. In other words, this province's finances during those last three years of your party's administration was being supported by increases from the federal government, notwithstanding that your own management of your own revenues fell by some 0.6%, given how you adjusted the revenue base of the province.

I say it was shameful to allow your own revenues to drop during a three-year period where the economy was growing. You were being propped up by the national government. Politically, at the very same time, you were dumping all over the national government for not giving you enough money. So you cut taxes for Ontario taxpayers and then complained to the national government that you weren't getting enough transfers, when in fact the transfers from the national government were going up by a factor of \$3.8 billion.

The Chair: Thank you, Minister. Thank you, Mr O'Toole.

Hon Mr Sorbara: Let's continue this tomorrow.

The Chair: Absolutely.

Hon Mr Sorbara: I'm just getting warmed up now.

The Chair: Minister, thank you for your attendance today, and for all of your staff who attended with you. Where possible, we would appreciate and expect to have a written answer to the questions that were raised so we can circulate them. The delivery mechanism is through the clerk.

For members of the committee, we have two small items of business that have to be dealt with.

Mr Prue: On a point of order: Can we get your undertaking to supply details of all federal health transfers and restrictions on them? We would really like to see the \$740 million and what the federal government says we can spend and can't spend out of that money.

The Chair: Staff have made a note of your question. It's on the record.

1800

Mr Dave Levac (Brant): On a point of order, Mr Chair: I'd like an explanation for the decision that was made to lose the time the government side had assigned to it for questions.

The Chair: I specifically told the minister that it was his remaining 20 some odd minutes to use as he chose. He said, "I would be more than pleased to receive questions from all members." He did not say from his caucus; he said, "from all members." That's what the record is. I was asked what my explanation was, and that is why the decision was made. Had the minister been specific and said, "I only want to talk to my caucus for the next 20 minutes," then I would have agreed to that. I gave him full latitude to define how he wanted to proceed for his remaining time. He instructed the Chair, and I acted accordingly.

Mr Levac: Further to that: With the understanding that previously we had already established that rotation and that we deviated from it.

The Chair: Yes, that's in the standing orders. We have not begun the three-party rotation. That's what I'm anxious to do now, because I didn't do it up front. The standing orders speak to the first two hours of estimates. They have now expired. We are now into our rotation, so I invite all members to guide the Chair. Do you wish to have 10-minute, 15-minute or 20-minute rotations? Whatever you choose, I need to know how you then wish to proceed. I didn't panic on this point, because I knew we were never going to get to it today because Minister Sorbara had one full hour at his disposal. I accommodated him. Now I'm in the hands of the committee, and you will order up your business. I don't want to take 25 minutes debating that tomorrow, because as it is today, we've lost half an hour and we may never see the estimates of the Ministry of Education as a result of that. I now wish to reach an agreement from the committee. I'm in your hands. We've not had a subcommittee meeting.

The second question I wish to resolve is that we need to advise the House leaders of all three parties if we wish to conduct estimates during the intersession. I've informally been advised by the government House leader that time may be available to us for two weeks in September. If we do not meet in the intersession, the calendar, as we have it in front of us, means that we will only complete the first five estimates and stop almost before we get to education. I'm just telling the committee that I'm in your hands. I need a motion that recommends we sit in the intersession, and I need someone to throw a 5-, 10- or 15-minute rotation number on the table, and

then I will make sure that everybody fairly allocates their time.

Hon Mr Sorbara: Mr Chair, if I might—

The Chair: No, I'm sorry. You've been dismissed, Minister.

Hon Mr Sorbara: Dismissed?

The Chair: Yes.

Mr O'Toole: The second most powerful man in Canada.

The Chair: Your matter has been dealt with, Minister. I appreciate you're being helpful, but I recognize Mr O'Toole. I'm looking for two motions right away.

Mr O'Toole: I would put forward that we have 15-minute rotations and keep going in rotation.

Mr Levac: Agreed on the 15.

The Chair: Agreed. That's a motion moved by Mr O'Toole. All those in favour? Carried.

I'm now going to ask if there's any inclination for us to sit during the intersession. I'm led to believe it would be in September. We can formally request that of the House leaders, and then they can tell us yes or no.

Mr Levac: I was going to try to put a little bit of a motion into that, if you're looking for a motion, with the indulgence of the House leaders. I understand we have a government House leader's recommendation of time available. In this motion I would defer to the House leaders to come up with an agreement on an intersession meeting schedule in order for us to allow for education to be included in this eventually, because I understand that if we don't, we might miss estimates in education, and I'm sure that—

The Chair: The list very clearly is finance; health, second; energy, third; municipal affairs, fourth; children and youth services, fifth; and at this point, we probably would have less than 30 minutes on education. After that would be transportation.

Mr Levac: So my motion would be to avail ourselves of the discussion of the House leaders to come back to us with a recommendation of intersession.

The Chair: To be helpful, I think we should simply convey that we are willing as a committee to serve, and it's our intention. Then we'll let the House leaders negotiate the space. I've heard that we may be offered Monday through Thursday, 10 o'clock till 4 o'clock for two weeks in September. The House leaders are still debating as to when we come back, so that's another factor.

Mr O'Toole: If I may; it's a debate. I think there's a motion on the floor suggesting that we put something forward.

Mr Levac: For the intersession.

The Chair: I haven't heard a real motion.

Mr O'Toole: I would put forward that we don't. There are a couple of other committees that will be meeting, and it would be my intention not to be—I am already sitting, that's the point. I'm sitting in September.

The Chair: If I don't hear a motion, I'll just let this lapse. You don't want to sit for estimates?

Mr Levac: Quite frankly, I'm trying to make it available for us to sit if indeed the House leaders—

The Chair: I would keep it simple, that this committee advise the House leaders of its willingness to sit during the intercession for purposes of advancing through the list of estimates.

Mr Levac: So moved.

The Chair: Any further discussion? Hearing none, all those in favour? Opposed, if any? Carried.

The committee is adjourned.

The committee adjourned at 1805.

CONTENTS

Tuesday 22 June 2004

| | |
|--|-----|
| Election of Chair | E-7 |
| Election of Vice-Chair | E-7 |
| Appointment of subcommittee | E-7 |
| Ministry of Finance | E-7 |
| Hon Greg Sorbara, minister | |
| Mr Colin Andersen, deputy minister | |
| Mr Phil Howell, assistant deputy minister and chief economist, office of economic policy | |
| Mr Len Roozen, chief administrative officer and assistant deputy minister, corporate and quality service division | |
| Mr Gabriel Sékaly, associate deputy minister, fiscal and financial policy division | |
| Mr Robert Siddall, provincial controller | |

STANDING COMMITTEE ON ESTIMATES

Chair / Président

Mr Cameron Jackson (Burlington PC)

Vice-Chair / Vice-Président

Mr John O'Toole (Durham PC)

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge L)

Ms Caroline Di Cocco (Sarnia-Lambton L)

Ms Andrea Horwath (Hamilton East / Hamilton-Est ND)

Mr Cameron Jackson (Burlington PC)

Mr Kuldip Kular (Bramalea-Gore-Malton-Springdale L)

Mr Phil McNeely (Ottawa-Orléans L)

Mr John Milloy (Kitchener Centre / Kitchener-Centre L)

Mr John O'Toole (Durham PC)

Mr Jim Wilson (Simcoe-Grey PC)

Substitutions / Membres remplaçants

Mr Dave Levac (Brant L)

Mr Michael Prue (Beaches-East York / Beaches-York-Est ND)

Also taking part / Autres participants et participantes

Mr John R. Baird (Nepean-Carleton PC)

Clerk / Greffier

Mr Trevor Day

Staff / Personnel

Ms Anne Marzalik, research officer,
Research and Information Services

26
77

Government
Publications

E-4



E-4

ISSN 1181-6465

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Wednesday 23 June 2004

Journal des débats (Hansard)

Mercredi 23 juin 2004

**Standing committee on
estimates**

Ministry of Finance

**Comité permanent des
budgets des dépenses**

Ministère des Finances



Chair: Cameron Jackson
Clerk: Trevor Day

Président : Cameron Jackson
Greffier : Trevor Day

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 23 June 2004

Mercredi 23 juin 2004

The committee met at 1549 in room 151.

MINISTRY OF FINANCE

Clerk of the Committee (Mr Trevor Day):

Members, it is my duty to elect an Acting Chair. Do we have a nomination?

Ms Caroline Di Cocco (Sarnia-Lambton): Is it normally not the case that the opposition chairs this committee?

Mr John R. Baird (Nepean-Carleton): Unfortunately, the Chair is not here. I would be happy to, but I'm not a subbed-in member.

Ms Di Cocco: I would like to nominate Mr Prue.

Mr Michael Prue (Beaches-East York): I don't mind doing it for half an hour, but I do have a lot of questions I want to ask, which I can't do from there.

Ms Di Cocco: Mr Jackson is expected to come, is he not?

Clerk of the Committee: Yes, I believe so.

Mr Prue: All right. I'll do it until he gets here.

Clerk of the Committee: Any further nominations? Seeing none, Mr Prue, would you please take the chair?

The Acting Chair (Mr Michael Prue): Pursuant to the rules that were agreed upon yesterday, we'll turn first to the official opposition for 15 minutes of questioning.

Mr Baird: I wanted to get back, Minister, to how much Paul Martin's campaign manager and his firm, Earncliffe, were paid to assist you with preparing the budget.

Hon Greg Sorbara (Minister of Finance): You want to get back to that?

Mr Baird: I want to know how much they were paid.

Hon Mr Sorbara: I think the letter we submitted to the committee—and you have a copy of that—answers the questions you raised yesterday. I'll reiterate that the Ministry of Finance did not have a contract with Earncliffe, with David Herle or with Elly Alboim. It has an agency of record agreement with Decima and—

Mr Baird: Minister, I understand this individual, Mr Herle, was contacted by a member of the media and he said he can't release how much he charged in his invoices. Do you not think that the taxpayers of Ontario are entitled to know how much Paul Martin's campaign manager and campaign team were paid to advise to help prepare this budget?

Hon Mr Sorbara: Once again I'll tell my friend from Nepean-Carleton that we had no contractual arrangement with them. It was the subject of a subcontract with a company called Veraxis and Decima Research. I simply have no information about that commercial relationship, so I can't give you a figure.

Mr Baird: You and your ministry have no information whatsoever, of any kind, with respect to the firm—and I understand Veraxis is an arm of Earncliffe or a related firm that is co-located in their Ottawa offices. Is it your contention that you have no idea whatsoever how much this firm, which you lauded so much yesterday, was paid?

Hon Mr Sorbara: It is my submission to you, sir, that there is a commercial relationship between Decima Research and Veraxis, and I have no information as to that commercial relationship.

Mr Baird: That's not my question.

Hon Mr Sorbara: Our agency of record relationship is with Decima Research.

Mr Baird: I'd like to ask the Deputy Minister a question. Deputy, do you have any information with respect to how much Veraxis communications or Earncliffe, David Herle, Elly Alboim, received for their work with respect to the preparation of this budget? I'm not asking you to give it to me, in this question; I'm asking if you have any information whatsoever, of any kind, related to this transaction.

Mr Colin Andersen: As the minister says, that's a commercial arrangement between those two parties, so we're not actually privy to that information. The contract with Decima is for services that are according to the vendor of record and according to the prices subject to that.

Mr Baird: I'm wanting to ask a very specific question, and you're couching your terms. I respect your professionalism in wanting to do this and understand why you're answering the question in that fashion. This committee is here to provide oversight with respect to the tax dollars that are spent. Do any of your officials have any information with respect to how much David Herle, Veraxis communications, Earncliffe and Elly Alboim received for their work on this budget? Do you have any information of any kind to know whether it's \$1,000, \$10,000, \$20,000, \$1 million?

Mr Andersen: The only information we have is with our direct relationship with Decima, and the

arrangements that were there that were all done according to Management Board directives under the procurement guidelines with the vendor of record. There are set prices for particular services, and then it's up to the firms to figure out how to do that. It's not unusual for firms that we contract with to enter into further subcontracting arrangements if they want to bring in particular expertise in particular areas.

Mr Baird: Can I ask you this question: Did any official at the Ministry of Finance or within the minister's office or the minister himself ever, in any way, shape or form provide any direction to Decima, the agency vendor of record—one of the agency vendors of record—that they were to subcontract work to Paul Martin's campaign manager, Veraxis, Earncliffe or Elly Alboim?

Mr Andersen: As the minister said yesterday, there was a discussion with the firm about using some of those people, because they have established expertise in doing pre-budget marketing and research. As far as I'm aware, there was no further discussion with regard to actual payment and all of the rest of it, because that would be up to Decima.

Mr Baird: You're choosing your words very carefully. I respect that you are well known within the public service; you're well known around Queen's Park for being one of the most intelligent, one of the most capable public servants. I think taxpayers are very fortunate to have your skills and expertise at work for them.

This committee is a government oversight committee. We are entitled to answers to questions. It may not be a politically palatable answer, but I would like to know what direction was provided to Decima by anyone associated with the Ministry of Finance with respect to subcontracting work with Veraxis, with Earncliffe, with David Herle or with Elly Alboim.

Hon Mr Sorbara: Mr Chair, if I might, I think we have answered that question.

Mr Baird: No, you haven't answered the question.

Hon Mr Sorbara: OK, then let us try it again for my friend, who did not want to accept yesterday's answer.

Mr Baird: You didn't give me an answer yesterday. You said you'd get back to me.

The Chair (Mr Cameron Jackson): Mr Baird, the question has been asked. The minister has been recognized. I'd like him to give you an answer. If you wish to repeat the question, you have the right to do that. If the minister wants to repeat his answer, he has the right to do that as well.

Hon Mr Sorbara: Based on the expertise of Veraxis and the principals of that firm in areas outside of the realm of politics—that is, in their professional capacity for firms not associated with any political party, not associated with any form of politics—based on their research and expertise, there was a direction that the—

Mr Baird: By whom?

Hon Mr Sorbara: By my office. There was a direction from my office that they be canvassed as to their willingness to do pre-budget research as confidential advice to the minister.

Mr Baird: So your office, a partisan arm of the government—your Liberal office, your office staff, who are partisan political staffers who do honourable work—directed Decima to hire someone. That's correct?

Hon Mr Sorbara: I simply gave you an answer that you seem not to want to accept.

Mr Baird: Is that correct? I want to make sure I'm quoting you exactly correctly, Minister.

Hon Mr Sorbara: Well, if you wanted to quote me exactly, get a copy of the transcript and read me back my words.

Mr Baird: I'm asking you: Your office directed Decima to hire Veraxis, Earncliffe, David Herle or Elly Alboim. Is that correct?

Hon Mr Sorbara: Well, let's take a step back—

Mr Baird: No, Minister.

Hon Mr Sorbara: —for the benefit of the members of this committee, Mr Chair.

The Chair: The minister is answering.

Hon Mr Sorbara: Let's take a step back. My friend knows that every administration in Ontario since at least the days of Floyd Laughren—at the time, Treasurer of the province of Ontario—undertakes very specific research in anticipation of a budget. I can tell you that in each case through eight years of public administration under the Conservative administration and through five years under the New Democratic administration, ministers have chosen specific entities to do pre-budget research. Those choices are almost invariably made by the minister and his staff in co-operation with the staff of the ministry, including the deputy minister and those involved in communications etc.

So in accordance with those procedures, well established in the province of Ontario and in the Ministry of Finance, we made a choice of a researcher, and we made that choice based on their expertise, not in the area of politics and budget-making but in other areas of work, because we were very familiar with their expertise in those other areas.

1600

Mr Baird: Could you give me a specific example of that expertise outside of the political realm?

Hon Mr Sorbara: I could give you several.

Mr Baird: Could you give me one?

Hon Mr Sorbara: You know what? I'm not here to—

Mr Baird: You can't give me one?

Hon Mr Sorbara: Yes, I can.

Mr Baird: Then give me one.

Hon Mr Sorbara: OK, I'll provide several in due course.

Mr Baird: You cannot give me a single—you say you hired this firm for their established expertise outside of the political realm, that it's well known, and you sit here before this committee and cannot tell us one single thing that this group of political hacks has ever done. You can't name a single thing as to what they've done. Is that not the fact?

Hon Mr Sorbara: Mr Chairman, my friend's language is unacceptable. One such client is none other than

the Canadian Institute of Chartered Accountants, which has had significant work done by these researchers. For my friend to carry on this line of questioning I find totally unacceptable. The quality of his language when he describes professional people well known in the Canadian public research sector as hacks is unacceptable, and I don't—

Mr Baird: I'm trying to establish what their credentials were.

The Chair: One speaker at a time, please.

Mr Baird: You're the one covering this up, Minister. You're the one who is refusing to tell taxpayers, before they vote on June 28, how much Paul Martin's campaign team was paid to help you break your promises, to help you cut health care and to help you raise taxes. You're the Minister of Finance, you control an \$80-billion budget, and I would apologize to you if you take offence with the opposition representing—on this side of the table, sir, we represent 55% of the people in Ontario. We are entitled to ask questions, and I think taxpayers are entitled to honest, upfront answers. Your continuing refusal to answer this question is nothing short of outrageous.

I have a question for the deputy. I'd like to know how much Decima was paid for their work on the pre-budget, during the budget and post-budget.

Mr Andersen: We haven't received all of the final invoices.

Mr Baird: How much did you authorize your ministry?

Mr Andersen: They're being paid exactly according to the established pricing guidelines that are there under the vendor record.

Mr Baird: How much did you authorize them to pay?

Mr Andersen: I don't actually know those amounts. Some of that was in the works before I arrived in the ministry.

Mr Baird: Do you have any idea? They had an open-ended contract to spend as much money as they wanted? If the bill was \$3 million, would that surprise you?

Mr Andersen: Of course it would.

Mr Baird: I don't know. I mean, you have no idea? You contracted these folks to do work. You're the deputy minister ultimately accountable under the public administration act for the financing of this, and you have no idea how much these people were to be paid?

Hon Mr Sorbara: Mr Chairman, if I might just intervene here and undertake to provide this committee—

Mr Baird: That undertaking is meaningless.

The Chair: Mr Baird, please, I would like to let the minister finish his answer for the record as to how he will provide a written undertaking to answer your questioning. That is what the minister's trying to put on the record. We're trying to maintain the House rules upstairs for conduct in this committee hearing. Really, Hansard can only cope with one speaker at a time, and I don't want to caution people again. I'll move the rotation. Allow people to finish their answers.

Mr Baird: Would anyone in the ministry—

The Chair: Mr Baird, I just said, I recognize the minister to put on the record, please, and then I will return the microphone to you.

Hon Mr Sorbara: I will provide our undertaking, Mr Chair. When the work that was provided through Decima, when all of those invoices are in, I undertake to provide full amounts and a full accounting to this committee and to these estimates hearings. We have quite some time to go yet. But I want to put on the record now that the contractual relationship was done within the strict letter and the full spirit of the contractual arrangements that we had with Decima Research. I can give every member of this committee absolute assurance that the amounts contracted for, when those bills are submitted, will be within the parameters of what is appropriate in the circumstances for that sort of thing.

The Chair: Thank you very much, Minister.

Mr Baird: I have a question for the communications director. Is the communications director from the Ministry of Finance here? Is there any member of the communications branch here?

The Chair: For the record, that was requested yesterday. Is there a problem?

Mr Baird: Is no one from the communications branch here?

Hon Mr Sorbara: Mr Chairman, questions can be directed to the deputy. If there is a member of the administration who is competent to answer that question, the deputy would be more than delighted to call that person to the podium to answer. May we have the question directed either to me or to the deputy?

Mr Baird: To the deputy: Is it the policy of the government of Ontario that when you contract work out to a third party, financial parameters be put on any work before you receive invoices?

Mr Andersen: Certainly, with regard to the level of services that are provided and the prices that are paid for those services, we get invoices for them and the firms have to demonstrate that they've delivered on those services. We go over the—

Mr Baird: Would there be a cap?

Mr Andersen: It depends on the nature of the services.

Mr Baird: Would there normally be a cap?

Mr Andersen: In most cases, yes.

Mr Baird: You're an experienced public servant in a wide variety of ministries. For communications services, would that always be the case? Most of the time, in a strong majority of the cases, would there be a hard cap?

Mr Andersen: I don't think you can give one blanket answer that applies to every single situation. It obviously depends upon the nature of the services that are being requested, the nature of the environment, what kind of work they're being asked to do. This was an arrangement with a firm that does a lot of pre-budget research for governments in Canada, and the firm Decima was acquired according to all of our procurement guidelines with regard to—

Mr Baird: All I want to know is how much Paul Martin's campaign manager was paid out of taxpayer dollars.

Mr Andersen: As we have said, we're not actually privy to that information because that's part of a sub-contracting arrangement between Decima and another level of firm. We contracted with Decima. It's up to them, based on the terms of the arrangement, how they actually deliver on that, and if they feel they need to engage some outside expertise to deliver on the services that we're contracting with them to deliver—

Mr Baird: But they didn't feel that way. The minister's office directed the contractor to subcontract work—political direction to flow taxpayer dollars to the Liberal campaign team in their other professional lives. I would think that if they were directed to do that by the minister's office, as the minister has clearly just stated, there would be some idea, some thought as to what that compensation would be. Or was Decima just to make this up themselves? And if they were to make it up themselves, why would they need any direction?

Mr Andersen: There are a number of elements to the contract. There are some of the usual professional services that are provided, there are market research surveys, focus groups and the like. It would be up to Decima to determine what—

Mr Baird: Have you seen those? Have you seen the results of those? Have you seen that market research that they conducted?

Mr Andersen: We've seen some of the feedback that they've provided. As we're saying, we don't have all of the documentation.

The Chair: Last question, Mr Baird.

Mr Baird: Would you share with the committee what you received from them?

Ms Di Cocco: On a point of order, Chair: I understand that yesterday we agreed to about 15 minutes, and it appears to me it's been about 22 minutes at this point.

The Chair: My clerk just advised me that Mr Baird is two minutes over, and before you said "Point of order," I said it was his last question. So you and I are on the same page.

Mr Baird: Do I get a last answer?

The Chair: You get a last answer, but not a last question.

Mr Baird: That was the last question.

Mr Andersen: As I said, we haven't received all of the final documentation on that. We are compiling all the various records with regard to that, and the minister has endeavoured to provide information on the contractual arrangements that would be a matter of public record eventually anyway. But we're more than happy to—

Mr Baird: I just wanted that put on the public record before Canadians voted.

The Chair: Mr Prue?

Mr Baird: This is a cover-up of unbelievable proportions. You would never have put up with this if it were the Conservative government.

The Chair: Mr Baird, please. I would recognize Mr Prue.

Mr Prue: First of all, I would like to thank the members of staff, the Ontario bureaucracy, for providing the conditions on federal transfers to me—very interesting. This document shows the interim 2003-04 federal transfers to be \$4.926 billion, and the plan for 2004-05 is \$5.452 billion, an increase of some \$526 million. Am I reading those numbers correctly?

1610

Mr Andersen: Yes, 2004-05 over the interim actuals from 2003-04.

Mr Prue: So there is an increase, then, of some \$526 million to the province from the federal government this year.

Mr Andersen: Yes, and that's money that is largely unconditional. Transfers from the federal government—

Mr Prue: Let me get to that in a minute. I just want to make sure I have the right numbers.

What does "unconditional" mean to the Ontario government? Can that be spent any way that the Ontario government wants or must it be related to health?

Mr Andersen: The transfer, according to the federal legislation under the CHST arrangement, is for health and social services. There have been political commitments in the past from the previous governments that any increments in that funding would be provided strictly for health.

Under the recent legislation, that CHST transfer has now been split into two, so on a going-forward basis, there is a Canada health transfer and a Canada social transfer. The reporting for that, from this point forward, will be split into the two component parts.

With regard to exactly how all of that gets allocated in the future, generally, the money goes into our consolidated revenue fund and then we can report on where it gets spent.

Mr Prue: I'm going to ask a hypothetical and probably ludicrous suggestion. If the federal government were to give you that money and a decision of cabinet was to restock a lake in northern Ontario with brown trout and spend \$1 million on that, could some of this money be spent on that?

Mr Andersen: It's a hypothetical question because it largely depends on whether or not there are any conditions attached to that money. As you know, the CHST is generally a subject of negotiation between all the Premiers and the Prime Minister. In the past, some of that money has had conditions attached to it for some fairly specific things, with targets and moving toward performance targets or issues that are sometimes fairly far out in the future. As long as provinces are generally spending money that's achieving or moving in that particular direction, it's determined to be fine. Because there is a mix of money that is unconditional, it really is up to individual jurisdictions to defend to their taxpayers exactly where that money went and why it was spent on those kinds of purposes.

With regard to health, there is a general understanding that much of the money that's been provided in the past, while there have been commitments to provide any increments of that money directly for incremental spending in health, there has been a long-standing position on the part of provinces that the share of federal money that is going toward health care is inadequate. Obviously, unless some of that money starts to go toward base or existing funding, the federal share will never actually increase.

Many other provinces are also in the same position that we're in, in that not all spending that contributes to the health and health care of people in the province is strictly just in the Ministry of Health, or whatever it's called in other provinces. Some of the examples that we've outlined before are ones that people see as directly health-care related, like mental health services, that quite often appear in community ministries and the like.

Other things, like clean water, clean air and those kinds of things, are well-established in the literature as things that are contributing toward the health of the population and that are necessary to reduce lost days of work—economic benefits both individually and collectively to society.

You can broaden that out even further, where many say that some of the most important determinants of health are actually income levels, education levels and attainment of post-secondary education. Poverty levels can contribute to that as well. So there are many socio-economic factors that can factor in as well.

Mr Prue: What I'm hearing you say is that this is so open-ended that any government could spend anything at all, literally, in almost every government program.

Mr Andersen: No, I don't agree with that.

Mr Prue: I'm trying to figure this out.

Mr Andersen: There are well established—

Mr Prue: You've included almost everything, from pollution controls, to water, to socio-economic, to redeployment of funds, to education. You've included all of those things. The only thing you haven't talked about is the brown trout in northern Ontario—the hypothetical question. There are no parameters put on this by the federal government at all?

Mr Andersen: No, that's not what I said. If you look at the chart, there are some areas where it is unconditional, recognizing that we have 13 different provinces and territories, each with their own particular mix of health care systems, and health status as well. In some cases, to contribute toward the health of their population, it's appropriate for some areas to put their money into education. In others, the absolutely most important thing they've been able to do is make sure they have clean drinking water in their systems. It's quite well established that, for public health purposes, one of the strongest contributors ever toward increasing the health status of the population is clean drinking water.

Mr Prue: Of the other 12 jurisdictions, are you aware of any that have spent this transfer money from the federal government on sewers, other than Ontario?

Mr Andersen: I'm not aware, but I wouldn't necessarily be aware of where absolutely everybody is putting their money. They all have to be accountable to their own populations, just as we are through the annual report and public accounts process where all of the sources of revenue that come into a province are allocated out. In some cases, some of that money is earmarked for very specific purposes. In some cases, like ours, it goes into the consolidated revenue fund, and then, on balance, the government of the day is held accountable for where it spends the money that comes in from all sources.

Mr Prue: Were there any discussions with your federal counterparts on this money going to non-traditional funding like the sewer pipe?

Mr Andersen: There have been discussions in the past with regards to where are the priorities for funding in the future. In each of the accords that have come up there have been lots of discussions about where are the priority areas toward contributing to a more sustainable health care system. We're not alone in this province or in this country with regard to seeing growing health care costs. There are many areas where funding is put and prioritized with regard to how to achieve both short-term and long-term health care sustainability. In some cases those are initiatives that have benefits far out into the future. They may have costs right now. Certainly, anti-smoking campaigns and the like are ones that yield health care benefits farther down the road. They can have some immediate impacts as well.

Again, I would say, yes, there are general discussions about the fact that the current share of money that's coming from the federal government to provinces is making it difficult to spend as much money as needs to be spent on some of those other areas that not only contribute to health care but contribute to a stronger economy. Education and post-secondary education are probably the best examples of that.

To sum up, I would say there have been numerous discussions about the fact that it's been very difficult over the past number of years on the CHST to say, "Yes, we will in fact be putting all of our money toward health care," recognizing that that means the other areas that are covered under that transfer, the social areas, don't get increases. Social services and post-secondary education can contribute to health as well.

Mr Prue: I'll change the direction just a little bit. I never did find out about my brown trout, though. I really am curious about that.

In the year 2005-06 there appears, as I was questioning yesterday, to be only a \$600-million increase in spending. The minister answered that in part.

1620

I'd like to go into just what you're getting from the federal government. My reading is that you're going to get from the federal government another \$800 million in federal health transfers anticipated next year. As well, you're going to make about another \$800 million over the \$1.6 billion that you're getting from the health tax. That's another \$1.6 billion, and yet expenditures are only

going up to an anticipated \$600 million. There's \$1 billion there. What's happening to that \$1 billion?

Mr Andersen: A couple of general remarks: For one, as you'll see in the budget documents, we've provided a fairly detailed reporting on Ministry of Health spending over the next number of years, and as the budget documents also talk about, in the fall we're going to be putting out more detailed plans on the rest of the ministries. So in many cases, some of the information you're asking about will be available in the fall.

With regard to how much we are actually going to be getting from the federal government, it depends on the outcome of the federal election and the determination with regard to what's going to be put in for health care over the coming years.

Mr Prue: The anticipation at this time—and I realize the vagaries of an election that's taking place next week—the idea, everything that is contained in the documents, everything that people understand, is that we can expect \$0.8 billion next year in additional money from the federal government as it stands today, and as it stands today we can expect another \$0.8 billion from the health care tax, and yet health care is only going up \$0.6 billion. I'm trying to anticipate, is your anticipation of the budget for the year 2005-06—where's that other \$1 billion going to? Is it going to other departments, other than health, or is it staying in health?

Mr Andersen: As I said before, I think we have a pretty good idea of the incremental revenues that are going to be coming from the health premium. I wouldn't want to presume as to exactly how much money is going to be available from the federal government in the future. We are increasing spending on health care, as outlined in the expenditure envelopes that are there, and that is specifically for the Ministry of Health. There are other parts of the government where there are expenditures, programs that are related to health care as well, and we're in the stages of sorting out those details so that they can be announced, again, on a multi-year basis in the fall, which is, I would remind people, actually in more detail than has been done in the past on a four-year basis.

Mr Prue: I just want to be sure, though, that part or all of this \$1 billion may go into non-traditional health care, everything from sewer pipes to children's services to mental health issues—things that have not traditionally been included in the envelope.

Hon Mr Sorbara: If I might interject there and reiterate that the Ontario health premium is going to be spent on health care in the province. I just want to invite my friend to work from the base year of 2003-04. From that base year, the increments in health care, over the course of our four-year plan, overall will be funded by the Ontario health premium.

In addition to that, we will have additional revenues, perhaps, from the national government, depending upon the results of the election. We obviously are hopeful that the commitments the Liberal Party has made are the kinds of commitments that are honoured. Mr Martin has already given some indication of the levels of support he

would be giving to the provinces. If we can realize those commitments, that will assist us down the road. Much of that funding probably would be subject to specific conditions: investments in, for example, primary care reform, or diagnostic equipment, as has been the case in the past.

I know that my friend has been looking for a way to jig the numbers so that it looks like we're raising revenues from a health care premium for money that is not going into health. That's simply not the case.

Mr Prue: That's what I'm worried about.

Hon Mr Sorbara: I know it's an interesting debate and that we should have a whole crew of accountants and actuaries in here and all that stuff. But I'll concede to you, Mr Prue, that as we raise these additional revenues and allocate them to health care, it does take pressure off other areas of public administration. It gives us somewhat more to spend on education; it allows us to increase social assistance benefits; and it allows us to increase by 3% what we give to the people who look to the Ontario disability support program.

You can make the argument in the sense that, "You're raising that money and you're spending it on health care, but that really frees up other money to spend on other things the government is doing." To that extent, I will concede that you are absolutely right.

The Chair: That's a wonderful note to transfer to Mr Arthurs for the next round of questions.

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge): It's a pleasure to be here as part of the estimates committee for the first time around, Minister. I must say your presentation yesterday was very helpful, and I think very valuable. Given the nature of the rotations, members on the government side—our chance to question will be somewhat limited. That's the way the numbers work. I've appreciated yesterday's and today's comments and Mr Prue's insightful questions, as he's looked at it carefully, and your capacity and willingness to respond to those.

There's been reference made, Minister, to June 28. I'm going to ask you a little bit about what I think is part of a new deal. I'm specifically looking at the briefing book providing strategic priorities. I know you mentioned this yesterday, but I think it's worth repeating and expanding upon. Among the partners we have in government is another order of government, and that's municipalities. I think referenced on page 3 in your document. Municipalities' leaders, like us, are accountable to both residential and business taxpayers. Their relationship with the previous government, might I say charitably, was strained at best. You could characterize it that way.

Hon Mr Sorbara: You would know, as a former mayor.

Mr Arthurs: I would say it in a charitable fashion.

How does this particular budget and the four-year plan under the results-based planning process assist municipalities in dealing with what they see going forward in the context of the current fiscal year, the next fiscal year, and certainly planning the balance of their terms over a

three-year term of office? Can it be characterized in part as maybe our part of a new deal for municipalities and that, clearly, our federal partners need to engage in that process as well?

Hon Mr Sorbara: I appreciate this question. Just to note for the record, Mr Chair: the member for Pickering-Ajax-Uxbridge is a former mayor of Pickering and would have had some first-hand experience of that relationship, strained as it was sometimes, with municipalities.

I just want to put a couple of thoughts on the record and then I'm going to ask my deputy to get into some more detail about how this dynamic relationship will change. He of course will be free to call whomever he chooses from the ministry to speak to it.

When I went around the province, talking about what we were attempting to accomplish in this budget, I really set out five things that people should understand about the budget. First is that we are in the midst of a transformation of health care. The second is historic investments in education. The third is to redefine and reshape the relationship between communities large and small, and municipalities large and small, across the province, and the provincial government—not that everything was always absolutely bad; but having come to these responsibilities, the impact of downloading, of increased cost pressures on municipalities and of the increased anticipation of residents in cities large and small for a higher quality of service, had sent the system toward the breaking point of viability.

All members here remember the kind of rhetoric that went on between mayors of big cities like Toronto and Ottawa and the provincial government. The relationship had really broken down. What average people did not realize was that that same—and I use the big word—dysfunctionality was also apparent, and sometimes in an even starker way, with small municipalities, who didn't have the revenue to repair bridges, so that their transportation infrastructure was about to collapse.

1630

Now, the budget sets us on a new course. I'm going to turn it over to the deputy to provide a little bit more detail. He may want to call one or two others to speak to the issue, because it is quite an important one.

Mr Arthurs: Mr Chair, just in the event that the deputy begins to run low on time, if you or the clerk could advise with a couple of minutes left, because Ms Broten has a quick question.

The Chair: Right.

Mr Arthurs: If we run short with the deputy's comments, in the final two or three minutes, will you just advise us?

The Chair: We have lots of time, but the deputy heard you talk about the need to get several questions in in this round. Please proceed, Deputy.

Hon Mr Sorbara: He's more concise in his language than I am.

Mr Andersen: The government has announced that it's going to begin a dialogue with municipal leaders on a wide variety of fronts, and that's going to start this

summer. The Ministry of Finance has already announced a number of initiatives that can help municipalities with some of the issues that they're dealing with, and some of those tools have already been put in place.

A number of the other tools are ones that have been announced in the budget, some of which will be starting this October and will be phased in over a period of time. Here, I'm thinking of a commitment to dedicate two cents of our existing provincial gas tax to municipalities. That will go for public transit, beginning with one cent in October 2004. One of the things that is going to be discussed with the municipalities is the distribution formula for that, because we would like to hear their input, which would obviously be guided by the particular pressures that they're facing.

Another significant reform that we're undertaking is that we're going to move to assume 75% of the cost of public health by 2007. Again, that's going to be phased in. Right now, we're in a 50-50 sharing relationship. The government has been working through a number of issues, based on our ability to respond to the SARS crisis and some of the other public health issues that are underway.

Part of that discussion is also going to look at the mechanisms for how the GTA municipalities share some of their costs of transit and transformation, in recognition of the fact that there's an increasing integration as the populations move between centres for work and other purposes.

We've been working with AMO, the Association of Municipalities of Ontario, with regard to an MOU. The intent is actually to introduce legislation to enshrine that MOU in the Municipal Act. So that will be another part of the discussion.

We've also been working with the federal government as well to establish a working group at all levels of government to look at the issues to help municipalities be more fiscally sustainable as well as autonomous in their decision-making and, at the same time, accountable to the taxpayer, who is essentially the same person for all three levels of government.

As part of those discussions, as the minister said, municipalities across Ontario are in different situations. Some of them have different fiscal capacities. Some of them have different needs that may or may not have been met over the last period of time. A clear example of that is varying infrastructure requirements across the province. The government has talked about the fact that it's going to be putting in place a 10-year capital plan and growth management plan for the Golden Horseshoe area as well and some mechanisms to help with reducing gridlock in the GTA, which obviously involves discussions with more than one municipality. There have been some commitments, on the part of the province, to provide some money for the TTC, to expand GO Transit and also to do some work in Ottawa and Waterloo, with regard to doing some technical studies and assessments.

We've been working with the federal government on the Canada-Ontario municipal rural infrastructure fund,

which is to help small towns deal with some of the problems they have improving water quality, sewage treatment, waste management and the like, including what the minister was referring to earlier with regard to roads and bridges.

One area that this ministry is particularly going to be involved in over the next while is the creation of the Ontario Strategic Infrastructure Financing Authority. In many cases, not all of the municipalities have necessarily been borrowing money to address some of their needs, for a variety of reasons. In some cases, it's expensive for them to do that, if they are a small municipality. Some of them are debt-averse and prefer a pay-as-you-go method. In some cases, we have institutional investors like pension plans and the like that would really be interested in investing in infrastructure in Ontario, and in Canada for that matter, but don't have an appropriate mechanism to enter into, where they don't have to have a project-by-project relationship with individual municipalities.

We're putting in place OSIFA to help provide efficient and affordable financing for—

The Vice-Chair (Mr John O'Toole): I'd just like to advise that there's five minutes left in the time.

Mr Andersen: Just to finish off on that quickly, we've got a number of arrangements that have also been put into place with regard to flexibility in managing property tax. Some of those have rolled out over the next little while with the idea of increasing the number of municipal options that municipalities have in front of them. We can come back on that point more specifically.

Last but not least, we do have some programs that are aimed at helping out the north. We've got some new northern Ontario grow bonds and a Grow North investor program that we'll be rolling out over the next period of time.

Finally, on OSIFA, we have actually started the application process with municipalities, and so we're going out and talking to them about that.

Mr Arthurs: Deputy Minister, just very quickly, I think the opportunities on the pension funding from the standpoint of the overall financial strategy shouldn't be lost at all, particularly in the infrastructure and also the conservation initiatives that the government will be undertaking.

Finally, as you have your discussions with the municipalities on the whole transit initiative, I'm glad to hear that that consultation will occur. I would be concerned in regard to how we're going to get to determination on whether it's a ridership or population base, so I'm looking forward to the input of municipalities on that particular consideration.

The Vice-Chair: Ms Broten.

Ms Laurel C. Broten (Etobicoke-Lakeshore): Chair, I want to raise a concern with respect to the conduct of questioning before the committee. I would have hoped that the Chair would have been here. It's such a significant concern that I am prepared to take a bit of our time to question the witnesses.

I want to thank Mr Prue for his demeanour before the committee, and I don't want to take away an opposition member's time to question witnesses, because that is certainly a large part of the reason that we have this committee. But I do want to point out that although opposition members have every right to ask any question they want, they have a corresponding obligation, and that obligation is to listen to the answers being given, whether or not they agree with or like those answers. Certainly, if we were sitting in a courtroom, the conduct that we saw earlier today would not have been acceptable.

I want to put that concern on the record. I think we need to conduct ourselves with a certain level of decorum, and that decorum was not observed earlier today. I wanted to raise that concern.

The Vice-Chair: Thank you for your comments, Ms Broten.

We still have a couple of minutes left, if there's an outstanding question from the government caucus. Mr McNeely.

Ms Di Cocco: Thank you—

The Vice-Chair: Ms Di Cocco, were you first? I recognized Mr McNeely first.

Ms Di Cocco: I'm sorry.

Mr Phil McNeely (Ottawa-Orléans): I just thought that this would follow through. I have something from the Consulting Engineers of Ontario. That's where I come from. There's a statement here, and I'm glad to see we're addressing it under the undertaking to review major provincial assets, on page 3, in strategic priorities—that this lack of sustained investment in infrastructure renewal has resulted in out-of-control infrastructure debt estimated in Canada at \$57 billion and \$20 billion in Ontario alone.

It says that this accumulated infrastructure deficit represents a significant debt. We've never considered it as debt in our financial statements, but I think that's coming out more. I'm just wondering, is that part of looking at the lack of infrastructure maintenance as being a debt? Are we getting to that stage of saying we must maintain our existing infrastructure?

1640

Hon Mr Sorbara: It's a good question, because we don't account for it in that way in our financial statements. So, for example, when we build a new provincial asset, the way in which the Public Service Accounting Board now requires us to account for that is very similar to the private sector. It's identified as a capital asset, and every year a depreciation amount is expensed. We do that for all assets directly related to government expenditures. We don't do that when we make capital grants to municipalities or universities. That is still done by way of an amount that, although it's going into a capital asset, is expensed as an in-year expense.

But Mr McNeely has a larger concern, Mr Chairman, and that is the deficit in infrastructure that Ontario and, frankly, all of Canada are confronting. This is a vast land, and although its vastness brings great riches and great wealth, the challenges of infrastructure today are as

imposing as when the last spike was put in the national railroad back in 1885. It was a challenge for the national government, it nearly bankrupted the national government, and we face those same sorts of challenges.

Perhaps if we have time, I'll just ask Rob Siddall, the provincial controller, to speak to how we account for our assets, but I just wanted to put on the record and confirm that the engineers have it right when they identify the vast amount of work that needs to be done in repair, maintenance and upgrading of existing assets. Even more daunting is the next generation of assets that we have to build: the new public transit systems, the new highways, the roads that will take us into the territory in the province in the far north, north of 50, and will help us develop those resources. Is Rob here?

The Acting Chair: The time is totally expired, but we need to hear from you. So if you could just keep it very brief.

Mr Rob Siddall: I think the member brings out an important point about the province's accounting as it currently exists in Ontario and in all other jurisdictions across Canada, which is to say we are based on a historic-cost model, which gives us an estimate of the current value of our assets based on their original historic costs in terms of what useful life we have left in the province's assets. It doesn't deal with the issue of the cost of replacing those assets in future years. This is something that the Canadian Institute of Chartered Accountants has been looking at, not just for the private sector but also for the public sector, in terms of seeing if there is additional disclosure that could either be in annual reports or in the financial statements of a company or of the government. It is something the public needs to see, in terms of having additional information on the condition of the assets that a province has or that a company has or that another jurisdiction has.

The Chair: Thank you very much for the question and the answer. Mr O'Toole?

Mr John O'Toole (Durham): I just really have a couple of attempts to understand the difference between—this may seem technical, but it's helpful for us as fairly new members to this whole process of accrual-based accounting versus the old modified cash basis. It's quite different. In fact, if I look year over year, it's difficult for me, as a non-accountant, to really understand the difference, specifically in the capital side. If you could just give a brief explanation for all members—I mean it respectfully and there's no treachery in the question—to understand the difference between accrual-based accounting and modified cash: how, for instance, major capital expenditures will show up in-year, and how do they get spread over a number of years, because they're capital assets? If you could just give us a quick 101, it's helpful, because year over year, it's impossible to really make a lot of sense out of it.

Hon Mr Sorbara: I'm going to ask Rob Siddall to speak more about that. But I'm glad my friend has asked the question, because one of my concerns is that the financial information that we provide to ordinary

Ontarians be in a form that they can understand so they can see, in a relatively simple and straightforward way, where the money is going and what we're spending it on. That's the political objective. On the other hand, there is the pressure from organizations like the Public Sector Accounting Board to adopt certain forms of reporting results. There are generally accepted accounting principles, as they are applied to the public sector. So there's that dynamic tension, and I don't want to speak any more about it other than to say that and turn it over to Rob.

Mr Siddall: I'd be happy to talk about the issue. Obviously, it's something that's very close to me.

Hon Mr Sorbara: He actually knows about it.

Mr Siddall: It's something that I'm enthusiastic to talk about.

Again, just quickly, because the member asked for a "101," I'd like to just go back to who sets, or helps in the process of setting, the accounting policies for the province of Ontario and for all jurisdictions in Canada. The minister has referred to that group, the Public Sector Accounting Board, which is a subgroup within the Canadian Institute of Chartered Accountants. The people who are on that board and who set those standards for all governments in Canada include representation from the federal government, provincial governments across Canada and also municipal governments. There is also representation from academics from the accounting sector, and there is representation from some of the CA firms that we would commonly refer to as being on Bay Street.

The process of PSAB really didn't start until 1981. Up until that point in time, provinces basically set their own accounting policies and there were no standards or consistency across Canada. It wasn't until the institute took it upon themselves to set up a standard-setting body that we actually did even have standards in Ontario.

The reason I bring this up is that since 1981 there have been significant changes in those standards. That's partially because of the amount of work required to set standards in Canada and to make sure they are generally accepted among the preparers and the auditors in advance of implementing them into the province's books. Some of the significant changes that have occurred from 1981 include such things as what is in the government reporting entity. The province, at one point in its history, had the reporting entity restricted to the consolidated revenue fund. As we currently speak, it's sitting at the consolidated revenue fund and those agencies that are controlled by the government and includes such items as Hydro One, Ontario Power Generation, LCBO etc.

The other key change that has happened since 1981—and again it has happened in steps—is the move to accrual accounting. At the simplest stage, accrual accounting is, if you go out and have lunch and you put it on your Visa, you could say that, on a cash basis, it's not an expenditure until you actually pay out that Visa payment. But most of us know that once you put it on your Visa, you're going to have to make that payment when that Visa bill comes due, so the accrual accounting

has that you accrue that amount when you actually receive that benefit. In the case of a lunch, it's when you actually receive the benefit of eating that lunch.

The other aspect of accrual accounting that really didn't come into play until about three years ago was the move to full accrual accounting. From 1993-94, based on the recommendation of the then-Provincial Auditor, Erik Peters, who asked us to move to PSAB recommendations, the recommendations at that point in time were referred to as "modified accrual," which meant that we accrued all those items that were owed during a year, but we did not treat capital in the same manner. Capital was treated as an expenditure when the asset was either constructed or acquired. It wasn't until, I think, 1992-93 that we moved to what is full accrual accounting. That was based on—

Mr O'Toole: What was the year? I just want to clarify that. I think that year was a little later than 1992.

Hon Mr Sorbara: It was 2002.

Mr O'Toole: Yes, it was 2002.

1650

Mr Siddall: And that was based on PSAB and others at that point in time taking another look at the recommendations in this area and saying that the capital assets that are owned by the province should be put on the balance sheet as an investment and should be charged to operations, as they are used in the delivery of public service.

So what we have now, as a result of accepting those recommendations and including them in the province's financial statements, is that those assets are now reflected, including the opening balance that we had—because the province had a mass of assets that still had useful service life and had to be recorded as an opening item or an opening investment in the province's books—and any additions or deletions that we've had to those assets since that time.

Mr O'Toole: It might be helpful to just stop there. I understand the transfer of capital. The only thing I'm wondering is, you said on a purely cash basis, if you're dealing with the operating side of the budget, you would be incurring the benefit, and you incur the expense at that time, because even though it's paid for some time later or through some other—but in capital, how do you show that? Do you show that like it's life expectancy? What kind of basis do you show the—is it the whole amount or is it some partial use of that consumable capital item?

Mr Siddall: What we will do is, when we actually expend the money to acquire or construct the asset, that full amount will go on the balance sheet of the province. Each year, as that asset is used up in the delivery of service, and the calculation of that asset's usage is based on a judgment call by engineers and accountants and other professionals as to how long that asset will actually be useful in terms of delivery of public service—

Mr O'Toole: It's sort of like its depreciated value is an expenditure for that year?

Mr Siddall: Yes, exactly.

Mr O'Toole: But you still have an asset book value.

Mr Siddall: You still have an asset book value, and you have in the notes to the financial statements an accumulated depreciation against that asset.

Mr O'Toole: For instance, if you look at the infrastructure renewal that everyone—I think governments for the last decade have been aware of the deterioration or condition of assets. It's not new. In fact, I think the Health Services Restructuring Commission was kind of an outcome of a baseline study that was done by the NDP that resulted in the Health Services Restructuring Commission looking at the 230 hospitals and saying, "Hey, we've got this problem here."

We also have some other kind of statistical—you know, aging population things and new health delivery models. I remember when I looked at that, I was just wondering how, specifically in health care—because it's a huge issue from my perspective, and not even the politics, because when Sinclair filed his report, I think he looked at about \$1.2 billion or something to refurbish the asset base in health. The deputy would know that, because I think he was in health, or at least I did meet with him there.

When I saw some of the financial reporting, it's more like a \$7-billion problem to replace the capital. It's a huge chunk. In health alone—I'm just looking at the one part; I mean, we could talk about the whole municipal infrastructure deterioration—a long-term care issue of 10 years of never doing anything. I don't even mean the politics of it. Is there any kind of capital forecast estimate on infrastructure renewal, sector by sector or ministry by ministry or for the whole province of Ontario? We've got the bridge issue. We've got the transportation issue.

Wait a minute here. If it's \$7 billion for health care, let alone the whole agricultural renewal and clean water and source water protection—wait a minute here. The people of Ontario are going to pay it, either directly or indirectly. Is there a number, by sector or a total estimate, a glassy-eyed crystal ball look at that capital accrual thing that's looking us in the face?

Mr Siddall: I'm aware that certain sectors have asked and had research done on what we commonly refer to as the infrastructure deficit in their sector, but I have not seen anything that pulls it all together.

I will come back to the other point. Even if you take a look at what we now have in terms of the assets that are owned by the province and are showing up on the province's balance sheet, which is land, buildings and highway infrastructure, what you have on that balance sheet is the historic cost of those assets when they were acquired or purchased, sometimes as early as 20 to 30 years previously. So that number does not provide an adequate estimate of the replacement cost of the highways of Ontario, for example.

Mr O'Toole: I just put it on the table. I only have five minutes left and I'd love to have a conversation. Maybe I could ask for a briefing on it.

Mr Andersen: On that point, that's one of the reasons the Ministry of Public Infrastructure Renewal has actually been created in the first place: to have a look at that.

The government is developing a 10-year plan, the first steps of which are having an assessment of the state of the infrastructure. With regard to helping guide future investment decisions, part of it is determining the state of what's there. As Rob says, it varies in different sectors with regard to the actual quality of that infrastructure, and in many cases the quality of the information that's available on the state of that infrastructure varies quite dramatically as well.

Mr O'Toole: It's actually a very interesting topic, and I'm just going to leave it there. If there's information available on that forecasting for capital, by sector or by total, I'd be happy to have it filed with the committee. I'll tell you why. If I move to any one of the sectors—and I'm going to briefly touch on electricity, because it's huge. We know it's about a \$40-billion hole in the ground that somebody's looking at over the next 20 years, big time. It's more than that, actually, because new and evolving technology is the issue. So I just think we have a plan coming forward with Bill 100 which will look at setting up a structure to capitalize all that need for the future, but also how the government, in policy, will determine that capital infrastructure, what it will look like: nuclear, coal, whatever.

If you look in the current accounting documents, there are some depreciation numbers occurring there. Part of it is the writing off of coal plants right now, in in-years, so that creates a problem in-year. Those are all accounting principles. I just want to limit it. You can respond to that, but I have a real question. That was more of an educational one. I'll probably need more time to get educated, but hopefully over the next 20-some hours I'll get some of that.

I'm going to ask specifically a question that is a political question, more to the minister, I suppose, and this is done in a non-confrontational manner. You and your parliamentary assistant, Mike Colle, and your staff in the ministry—and I commend you; some accessibility there—have been dealing with the very small issue of the recreational tax on trailers. There was a regulation when it was proclaimed and there's a current new regulation, stepping back from the retroactivity issue, on how to collect that revenue. That retroactivity and taxation is a huge issue. Whom do you get it from? Is it customers? Stuff like that.

My question is—it's more than that. Are you prepared to really try and solve that problem? It's small, but we're talking about ordinary Ontarians of all political stripes. It's not even politics. They aren't, in a formal sense, organized like some of the more sophisticated interest groups. We have a multi-sector coalition that has done some work. They've worked with municipalities. I understand there's no perfect answer to any question. Do you think you can find a solution, some of which may be as simple as a 2004 moratorium, going into 2005, and everybody knows the rules? Any response to that?

Hon Mr Sorbara: I appreciate the question because it was one of those issues—small to some, large to those

who are directly involved—that came to us almost within days of our government being sworn in.

Can I spend 10 seconds, though, on the energy thing that you ended with? You're right about the magnitude of the job of building our energy capacity for the future. The difference between our capital requirements in energy and other capital requirements such as, let's say, a new high school, a new hospital or a new community health care facility, is that our design for the electricity sector is that we are going to be charging the real cost of energy through the hybrid system. So we have that source of revenue, and the real challenge in energy is to get on with the building of new capacity to replace capacity that is, with each passing day, getting closer to the point of full retirement. We've made the commitment on the coal-fired generating plants. We're going to get out of coal by the end of 2007, so we've got to replace that capacity. The good news is that the minister's plans are taking all of that into consideration, and the new structure for regulating price will provide the revenue to pay for the new capacity.

1700

Let's go to the trailers: The short answer is, yes, I think we can solve the problem. I don't want to put on the table right now what the solution should be, but we took out the retroactivity. Mike Colle, who's doing an absolutely splendid job working alongside me in his capacity as parliamentary assistant, has taken on this business of creating a better Municipal Property Assessment Corp—MPAC, as we all know it. He's working with the MPAC people. He's working with ministry officials. This is a sensitive point for a number of landowners who provide spaces for trailers—some of them semi-permanent, some of them weekly, some of them daily—and we're going to get this darn thing figured out. I want to assure my friend from Durham of that.

The Chair: We have reached our full—

Mr O'Toole: Can I have one minute?

The Chair: No. We don't even have a minute, I'm afraid, but you will get another rotation. In fact, you may even get two of them.

Mr Colle:

Mr Prue: Mr Colle's not here.

The Chair: I'm sorry. Mr Prue.

Mr Prue: I don't know how you can confuse us. I have a moustache; he does not. If it's any consolation, when we were both at Metro, people said the same thing, so I've grown used to it over the years.

If I can explore three areas in the next 15 minutes. The first one is the issue of pensions, which I believe falls under finances. The pension benefits guarantee fund only guarantees pensions up to \$1,000 a month. There seems to have been no change in this current budget—I don't think one was anticipated—but we see the whole problem of the Stelco workers, as an example. That pension guarantee hasn't changed since the 1980s.

Is there any work being done by the finance department to upgrade this? I don't think people can live

on pensions that are only guaranteed to \$1,000 a month any more.

Mr O'Toole: We're the only province with a pension benefit guarantee.

Hon Mr Sorbara: Mr O'Toole points out that we are the only province. I think—and I'm just hoping that ministry officials will correct me if I'm wrong—that the national government does have a—

Interjection.

Hon Mr Sorbara: That's what I said, it does not have a pension guarantee fund. But the federal government in the US does have a similar pension benefit guarantee fund. Do you want us to answer that first, and then go on to your other issues?

Mr Prue: You can answer whether or not you have any plans to change it. If you don't, I think the answer's pretty short.

Hon Mr Sorbara: We have plans to look at the Pension Benefits Act, which is a major piece of legislation. The Tories tried to bring in some reform to the act in the final year of their administration. They got very badly burned on that.

I think the parameters of guarantee in the pension benefit guarantee fund are very well known to those whose pensions are insured by the fund. There has not been a hue and cry to increase the level of guarantee.

You should know—you probably do know—that the fund is very much like an insurance system in that it is self-financed through contributions and assessments made to pension funds. They pay in and collectively insure the benefits that are provided. The level of guarantee is limited, as you point out. There are no current plans to reassess the level of guarantee.

Mr Prue: I'm disappointed. I was hoping there would be. If the banks can raise theirs for deposit insurance from \$60,000 to \$100,000, if even Lotto 6/49 can charge two bucks and give twice the prize, I think the days of \$1,000 guarantees on a pension are long past.

Hon Mr Sorbara: I just want to tell Mr Prue that the request to enhance the level of that guarantee would have to come from the entities, the pension funds that are actually insured. Most pension funds right now are under some pressure, given low interest rates and the activity of national and international stock markets. Most funds are not looking to spend more in terms of an insurance premium paid to the pension benefit guarantee fund to enhance the level of benefit.

Mr Prue: I realize that, but do you not think that the government has a place to make sure that people's expectations, their life work, is protected a little bit more than it is being protected today?

Hon Mr Sorbara: I want to reiterate, the government does not finance the pension benefit guarantee fund. It's a fund that is self-financing in that the premiums paid by pension funds determine the liquidity of the fund. It would have to come from those pension plans and, by extension, those members asking their pension funds to enhance the benefits. We haven't had that sort of request.

Mr Prue: The second area I would like to explore has to do with the Balanced Budget Act. You referred to that

about halfway through your opening statement. You talked about the Balanced Budget Act being replaced.

Hon Mr Sorbara: That's right.

Mr Prue: My first question has to do with Bill 83. Was that the number of the one that just recently passed, the budget act?

Hon Mr Sorbara: I think that's the right one, the budget measures number 1. Is that what it was called? Something like that.

Mr Prue: Bill 83. There was a very small provision that was almost impossible for any layperson to understand. It said that your budget was not included in the Balanced Budget Act because it was going to be passed in the calendar year 2004. It was going to first or third reading—however it was worded.

My question is, first of all, do you believe that the Balanced Budget Act is a bad act that needs replacement?

Hon Mr Sorbara: I think I actually addressed that in the budget speech, or else in commentary thereafter. I think the Balanced Budget Act as it existed when we took office had some lofty objectives, but had very crude methods of trying to meet those objectives. In other words, the overall objective of governments living within the means provided from the revenue base is very important, but the problem with the Balanced Budget Act is that its rather crude mechanism was to require governments every year to present a balanced budget. That requirement doesn't accord with the natural ebbs and flows of the economic cycle and the periodic pressures that are placed on governments as large and as complex as this government in Ontario. For example, the last budget presented by the Progressive Conservative Party when they were in office "appeared" to be a balanced budget. The reason why it appeared to be a balanced budget is because there was a plug in it by way of a line item that said "We're going to sell public assets and that will result in \$2 billion in revenue and with that \$2 billion, we'll balance the budget."

We could have actually done that this year as well; then we would have presented a balanced budget. This year we presented a somewhat more transparent budget. We don't include any asset sales that would bring us to balance, but had we taken that step, we simply could have said in the budget that I presented: "Asset sales: \$2.2 billion. Voilà, we have a balanced budget."

Mr Prue: Is it your intention to bring this legislation forward before the next budget?

Hon Mr Sorbara: Yes. In fact, you may have missed it, but we did introduce at budget time a new act called the Fiscal Transparency and Accountability Act. It will replace the Balanced Budget Act. I think it does a better job of holding this government and future governments to account in two areas: the quality of the information that we report to the public and to the Legislature, that's the first point. The second is the timeliness and the regularity of the reporting.

If you want more information on exactly how it's going to work, I would just point out that Gabe Sékaly is at the table. He's the associate deputy minister for fiscal

and financial policy and he knows more about this stuff than anyone else on the face of the earth.

1710

Mr Prue: Then enlighten me.

Mr Gabriel Sékaly: As the minister said, he did table Bill 84, the Fiscal Transparency and Accountability Act. I think one has to go back to the rationale of why these pieces of legislation are in place and take a look at how you can provide information to the public that is relevant and can help them understand how government spends their money and the results that government gets from the spending of taxpayers' money.

One of things that was highlighted in Mr Peters's report in October was the need for improving accountability through transparency. If you look at research from around the world in terms of fiscal targets that governments set in legislation that is set out by governments, those kinds of studies talk about the fact that numerical targets are not enough, that you need to have transparency. That is the most important attribute in defining fiscal rules, because if you only have numerical targets, it increases the incentive for creativity and non-transparent accounting.

The Fiscal Transparency and Accountability Act is very rigorous in terms of laying out the amounts of information and the detail of information that governments are now going to have to put forward in their budget, in their quarterly finances, in their mid-year review. We have legislated in this piece of legislation, should the Legislature pass it, that the quarterly finances have to be put out 45 days after the end of the quarter; that our mid-year review has to be put out 45 days after the middle of the year, so by November 15; that we have to provide at least three years of information in terms of the fiscal plan; that we have to talk about risks, a comprehensive discussion of risks, in terms of the budget, and in this year's budget we started to do that; and that we have to integrate the priorities of government, talk about the results of the money, not only the money itself.

The legislation also talks about the fact that governments, once in their mandate, in the second year of their mandate, should put out a long-term report, a 20-year report that looks at trends and demographics and infrastructure in a number of different areas so that the population is then aware of what governments in general are facing. Such reports are used around the world to look at, for example, issues like electricity. If we had a report that talked about what is the view for Ontario in terms of the electricity market for the next 20 years; for the next 20 years in terms of human resources—for example, the health sector. We always talk about a lack of nurses and doctors, and if governments are able to put out those kinds of things, then we can plan better to meet the demands of society. Those are some of the aspects of the legislation.

Another aspect of it is a pre-election report, that prior to an election the government would put out a pre-election report, which would be reviewed by the Provincial Auditor for its veracity. Therefore, everybody would be

on the same level playing field as to the understanding of the province's books. It would be reviewed by the Provincial Auditor, as he does the public accounts right now. So he would opine on that. Those are some of the aspects in this legislation.

I have to say we did look at jurisdictions around the world; we looked at the OECD in terms of their best practices and the IMF. They have codes of fiscal discipline and codes of best practice that we looked at in putting together this piece of legislation. As this legislation goes forward and gets approved by the Legislature, we obviously will be adhering to it and putting out more information to yourselves, as the representatives of the people, as well as to the people of Ontario so they understand how their money is spent, where it's spent and what results they get from it. We can talk about how many billions of dollars we're spending in this area or in that area, but if it doesn't have a result for people in terms of better health care or better education, it doesn't really mean much to the people.

Mr Prue: Do I have time?

The Chair: One minute.

Mr Prue: My last question, then, is related to your paper, again, today: How much money has the government saved as a result of the public sector hiring freeze last year? The answer is, the interim outlook says the total expense for 2003-04 was down by \$681 million. That surprised me. That's an enormous amount of money.

Hon Mr Sorbara: Yes, but let's be clear. This is not all as a result of a hiring freeze.

Mr Prue: It sets it up, but this is an enormous amount of money. It's a hiring freeze, a discretionary spending freeze, program delays and program implementation and other things. That's a huge percentage—not a huge, but it is a large percentage—of the budget, at least 1%.

Hon Mr Sorbara: It would be about 1% of overall expenditures for the year, and I'll let Gabe talk to it more. This is not inconsistent with history in Ontario. Gabe will expand on that.

Mr Sékaly: I think, if we turn to page 55 of the budget paper itself, \$372 million of that is delays in capital projects. So there were delays in capital projects in terms of construction delays, delays in reaching agreements with some of our municipal partners.

There was about \$270 million of interest savings. We actually had a better year in terms of our interest expense through wise money management.

The total program expense was \$36 million lower than the November projection. So most of those savings related to staffing are probably included in that program spending. But we can't tell you exactly, because it would be basically trying to assume how many people one would have hired that one did not hire, and then trying to calculate that, which is a very cumbersome exercise. I don't even know if one could actually come to an exact number on that.

All we're saying is that there was a saving, in-year, of \$680 million from a variety of sources. Included in that

was the expenditure, the hiring freeze, the delay in hiring, and some of the other mechanisms that the government put in place. There were additional costs that we did give to some of our transfer partners, like the hospitals' in-year. So there are some expense increases and some decreases.

Ms Di Cocco: I'd like to focus on something that I find actually very interesting: a new way of sort of managing, if you want, the affairs of the province. It's all part and parcel of what I call transformation of how government is managing its affairs.

One of the issues that has always perplexed me is the fact that, although governments can spend a lot of extra money into whatever—I believe that in 2000 and 2001, 2003, 2004, program spending actually increased by 22% in this province—that didn't necessarily reflect in the public's eye that they were getting more for their money. There has been a tradition, I believe, in how government does its business, that you either put more money in, and then it's considered that you're just spending away dollars, or that fiscal responsibility is considered to be just cutting the programs.

I know there has to be a more balanced approach, because there's a complexity of factors that come into play when it comes to the way government manages its money. I'm interested in the results-based planning approach that is a huge exercise that this government is going through. I would like some, if you want, commentary about the results-based planning that the government is proceeding upon.

1720

Hon Mr Sorbara: I want to thank Ms Di Cocco for the question. This is an area as well where I'm going to ask our associate deputy minister to bring you some details. But if I could just provide some introductory remarks, this is, I hope, the beginning of a transformation of some significance in the way in which we do business in Ontario. I hope the new standards and new approaches that we develop will become a model for governments right across North America. My objective is that we become leaders in public administration and the new approach to determining priorities and the results that we want to achieve.

Let me be clear: This is not to say that previous governments were completely out to lunch on managing expenditures etc. We are just trying to move the yardsticks, because we are entering an era where we are going to have significant cost pressures in the program and expense area, we're going to have continuing pressures on funding infrastructure, and our capacity to generate new revenues is going to be very limited indeed. So we have to start changing the way in which we do business.

There is some commentary in the budget papers on what we call results-based budgeting, and that's the umbrella, that's the clarion call that is the direction to every single ministry in government to adapt its way of doing business. I guess Gabe would be the most appropriate person to give you details as to how it works.

Mr Sékaly: As the minister stated, in the budget papers, starting on page 168, there is, as he called it, a

clarion call in terms of beginning budgeting for results. I think this comes from a feeling that, as I said earlier, it's not really the amount of money that's spent that should be the measure of success, but it is what you get out of it in terms of results. Some jurisdictions around the world have started down this path. You can look at Oregon or Washington state or the UK, and we have examples in Sweden etc, where they have started down this road that looks at and focuses on a few fundamental, key areas in term of the role of government and tries to measure and then come up with measures for that.

For example, if we look at one of the fundamental areas in terms of healthier Ontarians, how do we measure healthier Ontarians and what does the government do in terms of helping people become healthier? We have that as our objective and we then develop measures that would indicate whether Ontarians are getting healthier. One of the measures is to reduce waiting times.

It's the same thing on education, a more educated population and student success, and one of the measures is how students do on tests.

You have to make sure also that people understand that when we talk about these things, there are a lot of societal impacts as well. It's not only government that can do everything; there are societal impacts. For example, a healthier Ontarian: The government can do and have all sorts of things in terms of health care, but if I don't go on a diet or exercise etc, I'm not going to become healthier. So there are personal responsibilities as well. You have to take that into consideration when you develop the kinds of measures that are put out there in terms of measuring how governments are doing. You have to understand the underlying data in terms of that information, and it takes time to build this kind of data. But once this is out there and people understand, it gives everybody a common understanding of how taxpayers' money is being spent and the actual results. It focuses government on then looking at its programs and looking at what it does to ensure there is a tie-in between those programs and the end result that the government and the people are looking for.

So it's a different type of approach, but it's one that is starting to be used in other jurisdictions. We looked at them and we came up with a process, a made-in-Ontario one, to deal with the circumstances here in Ontario, because there are some pitfalls that one has to watch out for.

We were talking to somebody from Minnesota who came in to talk to us about some of these things. Surprisingly to me, they have a lot of people from other jurisdictions, who move to Minnesota from other countries or from other states. When they looked at the result in terms of test scores, they had some blips in that. They started digging into the data and what they found was that for the measure of how good a school system is in terms of that test data, you have to look at the kids who have been in the school system in Minnesota for at least three years. If you just got there and you got tested, it's not an indication of whether or not the school system

is doing what it should be doing. So again, data is very important and you have to understand what it means as you develop these systems. There are pitfalls, and people should understand that when we start talking about this.

But it is, as the minister said, something that is innovative and will, I believe, provide people in Ontario with how we are doing, how government spends their money, and a better way of targeting and allocating resources. It really sets out the clear priorities and the outcomes that have to be measured. It allows us to integrate those results in our planning process and in our budgetary process to allocate the funds. In terms of accountability, it allows us to report back to people in Ontario through various documents, either the budget or other reports, on an ongoing basis on how it's going.

Ms Di Cocco: Ms Broten also has a question. I just want to make one last comment. Would the \$6-billion quasi-deficit be an obstacle to achieving those results, possibly? I just see that as a bit of, if you want to call it that, a fly in the ointment, that \$6-billion deficit. But anyway, Ms Broten does want to ask a question.

The Vice-Chair: Five minutes, Ms Broten.

Ms Broten: I want to ask about the economic forecasts on which the budget was based. Certainly, if our economic forecasts are inaccurate, we won't, with all the best-laid plans, meet our objectives at the end of the day. How was the determination made as to what forecasts we were going to base our, for the first time ever, four-year plan on going forward? Are we on track?

Then just a follow-up question, if you can: How has the financial community reacted to our forecasting?

Hon Mr Sorbara: It's an extremely important question. I was fascinated, when I assumed my responsibilities, at the depth of capacity that this government has in terms of understanding the nature of the Ontario economy, the various factors that can impact a forecast, and how important it was to make forecasts that are reliable. If, for example, we are one percentage point off in our forecast of economic growth, that has an impact of about \$600 million in terms of revenue, one way or the other.

To answer the specifics of your question, I'm inviting Phil Howell, who is the assistant deputy minister and chief economist for the office of economic policy within the ministry. He really does understand this stuff, mercifully.

The Chair: Welcome, Mr Howell.

Mr Phil Howell: Thank you. As the minister said, it's clearly very important, as part of the fiscal planning process, to have a good grasp of where the economy is headed because of the impact that it has—on revenues, but in a number of ways.

Within finance, we have a number of people who are involved in monitoring and forecasting the economy. In determining the forecast, it's generated in-house by ourselves, as part of our fiscal planning process. We are, of course, conscious of what other forecasters are saying. We certainly pay very close attention to all the major forecasters, be they banks, university forecasters or think

tanks like the Conference Board of Canada, and spend a considerable amount of time talking to economists outside of government, as well as monitoring and tracking their own forecasts. As well, we closely monitor the performance of not just the Ontario economy but the Canadian economy, the US economy and so on, because clearly what happens in Ontario depends to a considerable extent on what happens elsewhere in Canada and certainly in the United States, our largest trading partner.

1730

As we undertake the forecasting program—and we're constantly updating it and integrating new data as it becomes available—we do ensure that we're being cautious. That's a conscious choice on our part. That prudence is reflected in a number of ways. One of the most evident—and it's outlined in the budget papers—is to be a little more prudent than the prevailing consensus of forecasters who are out there. In this particular budget, we were a little more cautious than we have been in the past. That reflected the desire to ensure, as we move forward, that there weren't going to be any big surprises. Of course, you can't predict something like SARS. You can't anticipate that kind of shock. There is always a risk that that would happen. Consequently, when we translate our forecast on the economy into a revenue forecast—the two are very closely linked—we also add in a reserve factor to account for unexpected changes.

One thing we did this year, as part of going out four years, was not only to include the reserve, which has been done in the past, but to increase the amount of that reserve as we go further out, reflecting the fact that the risk that the forecast is wrong is greater the further out you go.

In terms of performance and what people thought about the economic forecast, the rating agencies recognized it as prudent and cautious, and certainly the response of banks and other people in the forecasting business was complementary in terms of providing four years of detailed assumptions. That was something that hasn't been done in the past. Also, I would say they were universally in agreement that it was a prudent and cautious forecast.

The Chair: Thank you very much. The time in this series is done. Unless Mr O'Toole is burning to hear the answer to Ms Broten's question, it's his question.

Mr O'Toole: Thank you. I appreciate that. A couple of comments, if I may indulge. This is all on the record. I like to send things out to my constituents so they're kept up to date on a fairly regular basis, and I was somewhat disappointed in the House yesterday. I asked a question of the Minister of Energy specifically about the rates. I'm looking at Hansard; I had to go up to get it. This ties back to the \$3.9 billion on the revenue side, and I do admire the forthrightness with which you answered the question yesterday. I want to point out for the record that I asked the minister if there would be another rate increase. I'm looking at page 3127 of Hansard, from Minister Duncan: "No, we're not raising the price again."

In respect to what Ms Broten said earlier—and I do indulge what she said and appreciate what she said—it's that cynicism in the answer, when clearly you said in your own budget speech that the \$3.9 billion would eventually find its way into the rates. It's in your speech. It's those platitudes that become very frustrating when you're in opposition and you have no resources. You have several staff and a whole bunch of money; we don't have that. In defence of some of our outrageous manoeuvres—it's that frustration—you really want to get the answer. I'm going to be sending Mr Sorbara's answer out to my constituents, about 5,000 of them. So it is going.

The question I have around that is, when is the next tranche of electricity rate increases to be announced? Hopefully you'll wait until September, after the election.

The Chair: Can I just say for the record that, in fact, unless it's tied to this current minister's budget—

Mr O'Toole: I just wondered if he might want to—because he was quite forthright yesterday that it would be in the rates some time. I'd just like to get a little more detail on that.

Hon Mr Sorbara: Mr Chair, I'm not particularly concerned about staying within the four corners of these estimates if some members want to indulge themselves in other lines of questioning, which is perfectly all right. I'm thrilled that you're sending something out to your constituents in the form of Hansard. I hope you will include this answer as well.

Mr O'Toole: Oh, I will, for sure.

Hon Mr Sorbara: I'm going to ask Rob Siddall to come up and be available to you for questions on this very complex matter of—

Mr O'Toole: While he's coming up, I just have a couple of little things. Maybe they can prepare some response to that.

Hon Mr Sorbara: No, no. I'm in the middle of an answer.

Mr O'Toole: OK. Sorry.

Hon Mr Sorbara: The Chair's in the middle of a conversation, I'm in the middle of an answer and some people are in the middle of who knows what. Are we ready to go again? OK.

The Chair: Continue with your question.

Mr O'Toole: We're on the answer part.

The Chair: Are you happy with the answer or would you like another question?

Mr O'Toole: Well, I do have a limited amount of time and a lot of questions.

Hon Mr Sorbara: You referred to what I said in my budget speech and the budget papers on the elimination of this liability arising from the non-utility generating assets and the below-market contracts that had been entered into with these entities by a variety of previous governments, going back, if memory serves me, to 1987 or 1988; so three administrations, three different political parties, all making deals that weren't ultimately in the best interests of the province.

Mr O'Toole: Actually, that's a satisfactory answer, because it will be part of the full debate: What is the new price of electricity? That's the whole question. Nobody is going to invest five cents unless the price is six or seven cents or they get other tax policy concessions, period—no pension fund in the world.

Hon Mr Sorbara: I guess the point I wanted to make today, Mr O'Toole, is that, in a sense, my friend the Minister of Energy was right when he said we are not going to impose a rate increase based on this. What is going to happen is that under the new system introduced by him and provided for in the bill he introduced in the Legislature, it puts the authority to set hydro rates, electricity rates, with a newly empowered energy board. One of the factors the energy board will take into consideration is the additional expense that arises as a result of the elimination of these liabilities.

Do you want to spend more time on this? I'll ask Rob to comment on it if you want.

Mr O'Toole: I'll accept that answer for now, because I do follow the Ontario Energy Board rulings. To this point, it's really been run by the government, technically. They have rate hearings and all this kind of stuff. Ontario Hydro used to just ignore them, basically, and the ministry would approve them. That's what happened over the past. The NDP had seven increases in their short period of time.

I've watched it with interest, and it's an interesting file. There's no answer. When you get 4,000 phone calls from people whining about their electricity rates, and you are government, it's like auto insurance rates: People begin to ask the question, "Who's running the show?" They ask for politicians or elected people to take—and these are publicly essential and necessary, almost legislated. It's like having a driver's licence; you have to have electricity. So it's price inelastic, technically. You're going to buy the first 800 kilowatts you're going to use, because you have to have them to live.

Hon Mr Sorbara: I think what you're going to see is that we're going to stick to our policies. We're going to bring about a healthy system. A healthy electricity sector is absolutely critical to the strength of the Ontario economy. There will be some points where people will say, "Oh, my God, you shouldn't have done that," but we're not going to do what's happened in the past where as soon as the political pressure rises, a new policy is introduced. The minister has introduced the policy and we're going to stick to it.

1740

The Chair: Minister, you did indicate that if he was satisfied with the answer, you'd wait for the next question. So I'd ask you to wait for the next question.

Hon Mr Sorbara: I'm not satisfied with my answer yet. I'm going to keep working at it until I am.

Mr O'Toole: I'm intrigued by the dialogue by all parties. Really, it's quite an important public policy discussion. Just to get on the record as sort of appreciating the discussion, one I want to mention is—I don't really need an answer, perhaps, if I'm completely wrong—

pensions. It's a huge issue, big time. The CGA has just issued a report. It's worth reading. It's extremely important, and again, I've watched that stuff very closely. One of the signals to look at is the unfunded liabilities.

But also, looking at your chief actuary or chief financial guy, Mr Howell, he would know that the discussion we had on that was trying to move the public persona from a defined benefit attitude to a defined contribution. If you achieve that, you'll have created a miracle, because that's almost a transformation from the entitlement society that we have all come to enjoy, and expect, I suppose. In that, there's a lot of money. GM just bought \$18 billion worth of bonds to pay its unfunded deficit in the pension plan. It is huge. If anybody really looks at it, it's a smoking problem.

Pension Benefits Act aside, it's—but I do encourage you in your round of discussion. I think there's a select committee that's going to look at financial harmonization or something this summer. I want to be on that committee, if I can, to learn more about it.

But I'm surprised. Somehow the models, the actuaries and that—the public sector pensions are underwritten by the government, or the taxpayer, technically, because they are the contributor; they're the employer. They've had the pension contribution holiday for about six years. Now that there is no real defined surplus, because the market is in the tank, they're having to pay back, and the municipalities' budget is 75% to 80% payroll. That's what the budget is: payroll. Of that, I think it's 9% of payroll for the pension contribution portion. They've been on a holiday for so long, like five to six years for OMERS, OPSEU, the whole deal.

This is a huge issue of shifting responsibility, or liability, into the general revenue fund. I have some views on that, and I think we should just cut the cheese, move to a defined contribution plan and hopefully pay attention to the market, otherwise there'll be a pension benefit for you—that's really the only possible way going into the future: to engage the public in the issue. There should be rules and disclosure and all that sort of stuff.

I just have one other thing I do want to mention here; it's sort of a question, though. One of the biggest issues in this budget, of course, is the health care budget, and I was very impressed, as I am probably one of the older members of the committee here, looking at the number of hip and knees and cataracts and all these things you're going to add. That isn't really the question I'm interested in.

You talked about education and about benchmarking or testing. Gabe, you mentioned the importance of having some measurable outcomes. I completely agree. It's a little harsh. It's tough language. Nothing is free. You know that. What I want to know is, are there any accurate forecasts of how long the waiting lists for those nine procedures are going to be reduced by? If it's four weeks today to get a heart, cardiac, whatever, what is it going to be in 2007? I don't care how many procedures there are. I want to tell my constituents, "Today you're waiting

four weeks for cataract. Next year it's going to be three weeks." Is that an acceptable time to wait? That's the question. By how much are you going to reduce these waiting times? Not how many procedures; I don't care about that. And is that acceptable?

Hon Mr Sorbara: So the question doesn't have anything to do with defined benefits or defined contributions.

Mr O'Toole: No. That was just a comment. If you want to get a copy of that, you'll find it interesting, because I've taken a course recently.

Hon Mr Sorbara: I'm going to comment on that and I'm going to ask the deputy to comment.

The Chair: Minister, first of all—

Mr O'Toole: We should maybe have our own hour together.

Hon Mr Sorbara: We could do it over coffee.

Mr O'Toole: Great.

The Chair: Mr O'Toole, we're all trying to be helpful to each other, but unless Mr O'Toole requests a response to his long discussion on pension protection—

Mr O'Toole: No, I didn't. I don't want an answer on that. I want one on health care.

The Chair: That's why I was interceding. If the minister is prepared to answer the question on health care, which I think was a perfect question for our next estimates—but if you feel you can respond, please do.

Hon Mr Sorbara: I simply wanted to confirm that his analysis of some of the issues in pension plans across Canada and North America is accurate, and I think he's wise to bring it up in these estimates.

I'm going to ask my deputy to comment very briefly on waiting times because I do believe the Chairman is bang on when he says it should be more appropriately the subject of the estimates of the Minister of Health.

Mr Andersen: Just one other quick thing: In light of your earlier question about capital accounting, we did want to table with committee members a document that the controllership area has put out. It's on our Web site but it's also a Ministry of Finance document.

Mr O'Toole: It was issued last year. I have a copy of it.

Mr Andersen: It gets at some of your earlier comments.

On the wait time issue, it actually varies with regard to the kind of procedure. In some cases there is relatively good information and in some cases there are existing bodies that are already doing some reporting on that. Cancer Care Ontario does reporting on wait times.

Mr O'Toole: Is CIHI a good source?

Mr Andersen: It depends. There has been work underway in western Canada. There's a western Canada wait-list project that's been trying to determine a number of things. There are not really good data collected. Even taking a step back from that, it can actually be difficult to determine how you define a wait time or even a wait-list. Does the clock start ticking from the time that a person has an ache or a pain? Does it start when they first discuss it with their general practitioner? Does it start when they've been referred to a specialist who actually

says they need the procedure? Does it start at a time when they're put on a centralized wait-list versus when they go on their own individual physician's wait-list?

What is recognized across the country is that there needs to be a better job of this. It has been raised in all of the health accord discussions in the last number of years, going back to at least 2000. That's one of the first things the Ministry of Health is actually working on: how to define that. But they also want to do it building on the work that's been done in other parts of the country.

Our cardiac care registry here in Ontario is recognized as one of the leaders in this kind of thing with regard to its registry. But there is a lot more to be done.

In our results-based budget, we have committed to reducing wait times for cancer, cardiac, cataract, some of the diagnostic services like MRI and CT, and joint replacement, like you say. It's going to be a challenge to get good, measurable data.

Mr Prue: How much time in total would I have? I know we have to finish this—for either—

The Chair: You would have the balance of the clock, which is about 13 minutes.

Mr Prue: OK. There are no other things that need to be done by the committee before we recess?

The Chair: No. What I need to do with the committee will take less than 20 seconds.

Mr Prue: All right; 13 minutes.

You were talking earlier about the forecast for the province: how revenues are going to increase, the forecast of the general economic condition. Has that been impacted in any way by the rise in oil prices, the cost of transportation? We're hearing that it is causing considerable grief to some manufacturers, to truckers, to others. Is that part of the calculation for this year?

Hon Mr Sorbara: Actually, if you go in detail into budget paper A, you'll find an analysis of risks that impact on the forecasts that we make. We mention the rising price of gas, the volatility of the Canadian dollar, the relationship between the Ontario economy and the US economy; we didn't mention political events like the election in the US, but a number of these are factored in.

1750

The economic forecasts that we use to generate the revenue numbers have all of these elements as part of the recipe. When you do this stuff, you use the very latest data that you have, but then you create a commentary that notes that gas prices, if they go up significantly, could have a negative impact on certain parts of the economy.

Mr Prue: That's what I'm asking. A month ago you may not have known the gas prices would remain high—you might have thought they were going up and then coming back down again—but you certainly know that now.

Hon Mr Sorbara: Why don't we invite Phil Howell up to the table, and he might speak to what he did with gas prices in terms of the forecast.

Mr Prue: What I want to hear from him is—you estimated a 2.3% growth in the economy for this year—

has the continuing problem with high gas prices impacted that assessment in any way?

Mr Howell: The first thing I note is that the price of gas is only one item that people and business—everyone—spend on. In and of itself, the amount of expenditure on gasoline, by either individuals or by business as a group, is relatively small. That doesn't mean if oil prices stay up near \$40 on a sustained basis that over time there wouldn't be a problem. We were assuming in the budget that oil prices would be around US\$34 this year.

It's true, prices are a bit above that at the moment, but there's a tremendous amount of capacity, and there are other things in the economy and flexibility that allow people to deal with the higher prices. It's true, as Mr O'Toole noted earlier in terms of inelastic demand, that in the very short term you don't have much choice over what you do. Over a period of time, with respect to gasoline prices, although we know they're volatile, we know that there will be supply increases. In the face of oil prices staying at \$40 on a sustained basis that will help put downward pressure on the prices. As well, over time people can opt to conserve in various ways or substitute spending from other areas toward purchases of gasoline.

In terms of the trucking industry, a lot of that is diesel fuel. It's considerably cheaper than the price of gasoline, but there's no question that the price of oil going up does have an impact on them.

As we noted earlier, obviously we don't forecast the day-to-day movement in gasoline prices or try to, but in the context of forecasting the overall economy, we know there are going to be a lot of other factors at play that will affect growth. In point of fact, the overall economic news, even the data that's come out since the budget on May 18, is beginning to point to growth perhaps being a little bit stronger than we had assumed. Certainly the Canadian data is pointing to that at the moment. If there are more people employed, if income levels are higher and so on, there's a mitigating effect on the price of one small commodity in people's consumer goods rising.

Hon Mr Sorbara: Just one further point on gasoline prices—

The Chair: If Mr Prue needs further clarification.

Mr Prue: I think he answered my question.

Hon Mr Sorbara: OK, I'll defer to Mr Prue. I know that he's short on time and long on commentary.

Mr Prue: I want to make sure I get all these questions in. The next question relates to housing. I listened to the budget, and it seemed like housing got pretty short shrift. In fact, it seemed to me—and you can correct me if my numbers are wrong—that there was only some \$18 million in new expenditures for housing in this particular budget.

The reason I'm asking the question today is that the Minister of Public Infrastructure Renewal stood up and proudly announced \$85 million. Can anybody elucidate as to whether in fact it's \$18 million worth of new funding or \$85 million?

Hon Mr Sorbara: I know that both the deputy and Gabe probably want to comment on that, so I'll turn to them. I want to give one brief, preliminary remark. The good news in Ontario is the vitality of the housing market. New home constructions continue to be at a very high level. Right across the province, availability is at a very high level. The availability of rental accommodations is at a very high level indeed. In fact, we are at historically high vacancy rates, and in most areas of Ontario rental accommodations have rents going down, not up, and landlords are, I am told, looking for opportunities to lure tenants with bonuses such as three months' free rent etc.

Mr Prue: I would grant all that, but there are hundreds of thousands of people on the waiting list for public housing.

Hon Mr Sorbara: You're not letting me get to the—

Mr Prue: That's the point I want you to get to.

Hon Mr Sorbara: We have the luxury of dedicating our resources to Ontario's most vulnerable people. In that category I include primarily women who are the victims of domestic violence and those who suffer from disabilities of one sort or another. We are going to be targeting the public resources that we spend for housing to those specific groups. We did, in fact, take the unusual step of eliminating the RHOSP program, which was some registered housing assistance for first-time homebuyers. We did that because the market didn't need that assistance and first-time homebuyers didn't need that assistance.

With that preamble, and our commitment to use public resources for supportive housing for those in the province who are most vulnerable, I'll turn it over to the deputy or Gabe to give you the specifics about the amounts in this budget.

Mr Andersen: I think what we're going to have to do is get back to you with regard to the specific numbers. Were those numbers you were speaking about multi-year numbers, or were they for this year—

Mr Prue: My understanding is, this \$18 million in new monies is to try to match some of the federal monies, but today there was a rather splashy announcement in the House by the minister which seems to be at odds. So I'm trying to find out which is the reality.

Mr Andersen: I didn't actually see the announcement, so I think we'll get back to you with reconciliation between the numbers that are here and in that statement.

The Chair: The Chair will recognize that as a legitimate question. It's been framed by research, and they will ensure that finance understands it.

Did you have another question for the record?

Mr Prue: Thank you, yes.

The Chair: We're pretty well at the time.

Mr Prue: Since I have one left, I'd like to go right to the national child—

Ms Di Cocco: On a point of order, Mr Chair: I believe that the committees have to have a special motion to sit after the House rises.

The Chair: Yes. The House hasn't risen yet, but more importantly, I did say that I would give the member at the end of his question an opportunity to put any final questions on the record since we may not be getting together again until October. The minister took a more fulsome response, and, with the indulgence of the committee, I'm asking Mr Prue to put succinctly his question on the record. There will be no time for an answer, but it will form a part of the minutes of your final—

Interjection.

The Chair: My only alternative is to give him more time when we return, and I'd rather he just put this question now.

Mr Prue: Thank you. I'll put the question and do not expect an answer today. The Liberals in the campaign promised that they would end the clawback of the national child benefit, and there was some movement in the budget, but it was very limited. My question to you is, do you anticipate following through on this plan within the mandate of your government, and if so, what expense will that cause to the treasury?

The Chair: That is on the record, and I'm sure the minister will be pleased to provide that.

I'm looking for a motion to adjourn after I tell you that at this moment the House leaders have not met to confirm if we will be returning. We have completed four hours and nine minutes of these estimates. There are three hours and 21 minutes remaining, for the record.

A motion to adjourn?

Mr O'Toole: I'd be happy to stay—

The Chair: Thank you. This meeting stands adjourned.

The committee adjourned at 1800.

CONTENTS

Wednesday 23 June 2004

| | |
|--|-------------|
| Ministry of Finance | E-27 |
| Hon Greg Sorbara, minister | |
| Mr Colin Andersen, deputy minister | |
| Mr Robert Siddall, provincial controller | |
| Mr Gabriel Sékaly, assistant deputy minister, integrated financial information system | |
| Mr Phil Howell, assistant deputy minister and chief economist, office of economic policy | |

STANDING COMMITTEE ON ESTIMATES

Chair / Président

Mr Cameron Jackson (Burlington PC)

Vice-Chair / Vice-Président

Mr John O'Toole (Durham PC)

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge L)

Ms Caroline Di Cocco (Sarnia-Lambton L)

Ms Andrea Horwath (Hamilton East / Hamilton-Est ND)

Mr Cameron Jackson (Burlington PC)

Mr Kuldip Kular (Bramalea-Gore-Malton-Springdale L)

Mr Phil McNeely (Ottawa-Orléans L)

Mr John Milloy (Kitchener Centre / Kitchener-Centre L)

Mr John O'Toole (Durham PC)

Mr Jim Wilson (Simcoe-Grey PC)

Substitutions / Membres remplaçants

Ms Laurel C. Broten (Etobicoke-Lakeshore L)

Mr Michael Prue (Beaches-East York / Beaches-York-Est ND)

Also taking part / Autres participants et participantes

Mr John R. Baird (Nepean-Carleton PC)

Clerk / Greffier

Mr Trevor Day

Staff / Personnel

Ms Anne Marzalik, research officer, Research and Information Services



E-5

E-5

ISSN 1181-6465

**Legislative Assembly
of Ontario**

First Session, 38th Parliament

**Assemblée législative
de l'Ontario**

Première session, 38^e législature

**Official Report
of Debates
(Hansard)**

Monday 4 October 2004

**Journal
des débats
(Hansard)**

Lundi 4 octobre 2004

**Standing committee on
estimates**

Ministry of Finance

Ministry of Health
and Long-Term Care

**Comité permanent des
budgets des dépenses**

Ministère des Finances

Ministre de la Santé et des Soins
de longue durée

Chair: Cameron Jackson
Clerk: Trevor Day

Président : Cameron Jackson
Greffier : Trevor Day



Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Monday 4 October 2004

Lundi 4 octobre 2004

The committee met at 0904 in room 151.

MINISTRY OF FINANCE

The Chair (Mr Cameron Jackson): Good morning. I'd like to call to order the standing committee on estimates. We have three hours and 21 minutes remaining to complete the estimates of the Ministry of Finance.

We're pleased to welcome the Honourable Gerry Phillips, Chair of Management Board, who has responsibility for the Ontario Securities Commission. That is why he is with us this morning.

We do anticipate that Minister Sorbara is available to finish his estimates.

In the last rotation was Mr Prue, so we will begin with the government, with 15 minutes.

Mr John Milloy (Kitchener Centre): Minister, I want to thank you for coming in today to talk about one of the most interesting aspects of the Ministry of Finance's activities, and that is the whole area of securities regulation. I say "interesting" because of all the activity in the last couple of months that has singled in on this idea of a common securities regulator. In a way of opening, just to sort of provide some context, I know it has been a big preoccupation for you and you've been doing a lot of work on it, but why do we need a common securities regulator, from Ontario's perspective?

Hon Gerry Phillips (Chair of the Management Board of Cabinet): It is an issue that's quite current, as I think all the members know. Last week ministers met who are responsible for it across the country.

We're the only jurisdiction in the world that does not have a common securities regulator, a national securities regulator. Every other jurisdiction in the world has that.

The committee members will be aware—many of you perhaps participated in it—that Ontario conducted what's called a five-year review of its Securities Act, headed up by someone called Purdy Crawford. Their number one recommendation, the first recommendation in that report, said that, in their view, this is the single most important issue facing Ontario and Canada in the securities area, and that is to develop a common, single regulator. There was a national group—they called it the Wise Persons' Committee—that also looked at it and said the same thing.

I think it's fair to say that when I meet with stakeholders—people, organizations, who are participating in

this—I think without exception in Ontario the advice that I get is that this is an important matter, for us to develop a common regulator. Why? Well, I think for two reasons. Overarching it is that we compete globally now, that investors can invest globally. If we want investors to feel confident in their investments, I think we need to provide the best possible investor protection, and simple investor protection.

Virtually everybody is in equities now. If you're in the Canada pension plan, you're in equities. I think most people in their RRSPs are investing in some form of equities. So consumer protection, simple consumer protection, I think is best handled by a simple, national, common regulator.

In terms of our businesses being able to raise capital, I think all of them would say that the most efficient way to do it is with one regulator. There are 13 regulators now. There are obviously the complexities of understanding 13 different laws, but also there's the expense of 13 different regulators. So, as I say, almost without exception in the advice that I get when I meet with people involved in this area, they say that this is an important issue for us.

It's going to take a little bit of time to get there. I think it's inevitable, and when you run into something that's inevitable and right, my view is to try to move it along as quickly as you can. We're having some challenges persuading the other provinces to move as quickly as we think we should, but we'll keep working on that.

Mr Milloy: I know a couple of months ago you unveiled an Ontario proposal to move forward on a single regulator. Can you just outline for the committee the basic framework of the proposal?

Hon Mr Phillips: Just for the committee's information, there has been what's called a passport model that has been debated for probably 18 months or so. Ontario said that we really think a much better model is a common regulator. So Ontario undertook to develop that proposal, which we did. We undertook to develop it toward the latter part of March. We spent less than three months developing it. In early June we released it.

It essentially says that we've got three fundamental principles. We believe that we need a common regulator, a common set of laws and a common set of fees. Those are our three principles. After that, we're pretty flexible. So we said that we recognize the need for strong regional offices. There are regional needs right across the country, so there's a need for strong regional offices, which we're quite happy to build into the proposal.

We said that we recognize that there is a need for industry-specific expertise. Obviously, Alberta has a lot of expertise in oil and gas. So our proposal needs to build in the regional policy flexibility, which we did build in.

Making sure that we have a mechanism: Some jurisdictions do rely on fees as part of their revenues. We don't in the province of Ontario, as you may or may not know. The Ontario Securities Commission is self-funding. The province of Ontario does not get a profit from the Ontario Securities Commission, but other jurisdictions do find it a source of revenue, so we recognize the need to build into that some flexibility as well. So it was a proposal that was long on flexibility but just maintained those three principles.

0910

Frankly, the challenge there is that it is an Ontario proposal. I said to the ministers last week when we met, "We're very open to participation from other people across the country to take our proposal but to build on it," because I think as soon as it's seen as just an Ontario proposal, we don't give ourselves the maximum opportunity for it to sell. So if you want to know where I think the solution is on this, I think we keep working on a common regulator. I think we need to take our proposal but now take it another step further, and I am hopeful to find a way to do that with participation from people across the country.

I might add, John, that I spent a fair bit of time, as you know as well as I do—I did go to Victoria and Vancouver and Saskatoon and Calgary and Winnipeg both to meet with the ministers to talk about our proposals and also to meet with the business communities there to try to get an idea. As I say, I think now I have to find a way—we have to find a way—to take this proposal one step further.

Mr Milloy: There is this process with the provincial ministers, and there was a meeting in Calgary last week which you attended where they signed an MOU. Just for the committee's interest, what is the process in place? What happened in Calgary, and then where do you see it going from there?

Hon Mr Phillips: Well, we did not sign the MOU, as I think you probably all appreciate. There was one clear reason why I couldn't sign, which I had told the committee for some time, and that is that we have a legislative committee scheduled to report to the Legislature on, I think, October 18. I told the group that they were dealing with this matter and it would be inappropriate for me under any circumstances to sign an MOU in advance of the Legislature seeing that report. So I made it clear to them really from the start that we were not going to be in a position to sign the MOU. I actually suggested that they delay the meeting beyond September 30, but there were other members of the committee from other jurisdictions who wanted to proceed with it.

I also indicated to them that, in addition to the legislative committee, we've got some fundamental concerns with the MOU.

Mr Milloy: Can you describe the MOU? What were they proposing?

Hon Mr Phillips: In the jargon you'll hear, it's called a passport model, which means essentially that if you get your prospectus issued in one jurisdiction, it can apply to the other jurisdictions. If you are what they call a registrant—in other words, if you are selling securities—and you get registered in one jurisdiction, that applies to the other jurisdictions.

Whatever positives there may be in the passport of moving toward more harmonized laws are already occurring, apart from the MOU. That's going to happen in any event. Our concern is that the MOU didn't provide any road map to head toward a common regulator. As a matter of fact, there is not even a commitment to study the common regulator in the passport model. I said to the group, "This is, for us, the most important issue," and none of it is addressed.

I might also say that I don't think there's much sense of urgency to get on with it. The committee, when I was out there, were not going to meet again until February. They didn't appoint a chair. It was unusual, whereas we think this is quite an important matter.

The down side of the MOU is that it perpetuates 13 regulators, 13 different laws. Last week—you may or may not have seen it—the Canadian Bankers Association had an op-ed piece in one of the papers outlining the increasing complexity for investors. In their view, rather than making it clearer and simpler for investors, it added a fair bit of complexity to it. I think whatever positives may have been in the MOU, they were already happening. There are problems in the MOU that may increase the complexity, and it didn't address what we regard as the number one issue.

Mr Milloy: What are the next steps, in your mind? Where do you think we're going to see this process go?

Hon Mr Phillips: I'm a very persistent person. When you run into something about which, over time, as you test it—which I've done on this common regulator—you keep saying, "This is the thing to do," then you try and make sure you're moving forward a step at a time. Where do I think the solution is? I think it will come from finding a way to take that Ontario model a step further, with involvement from people across the country. To use the jargon, often the devil is in the detail. People will say, "I may agree with you on concept, Gerry, but I need to see more detail." So I think that will be the solution, to find ways to get people from across the country participating and taking the model another step forward.

I think it's—well, they've said it publicly. There are some jurisdictions, I think, that are interested in pursuing trying to find a way to recognize Ontario, with the MOU as it's currently structured, can't participate. At least I don't think we should, so—

Mr Milloy: I think I have a minute or two left—two minutes. Can I switch gears and ask about publicly traded trusts? I know there is concern about investors in publicly traded trusts being liable for the trusts' activities. I just wondered if we're moving ahead on that in terms of legislation. Maybe you can explain the problem for the committee, and where we're headed.

Hon Mr Phillips: Let me explain it in layperson's language, and if I'm technically incorrect, somebody can correct me. Income trusts are relatively popular now. There is concern among some investors that if I invest as an investor in an income trust, without legislative change, I as an individual could be held accountable for problems within the trust. So the investors are looking for normal protections that, as an individual investor investing in an income trust, they're not going to be held responsible for broader challenges in the income trust. What we've done is we have introduced legislation that will make clear that the individual investor is not going to be held accountable for the problems in the income trust. As I say, it's an investment vehicle that's quite popular now and the investors were looking for that legislative change to provide protection for them. I hope I've interpreted that—

Mr Colin Andersen: That's correct, yes.

Mr Milloy: The legislation was expected this fall. Has it been introduced?

Hon Mr Phillips: It's been tabled. It has been introduced for first reading, and I anticipate we'll deal with it in this session.

Mr Andersen: It was introduced on June 21 under the Budget Measures Act, 2004.

The Chair: Thank you, Mr Milloy. Mr Flaherty?

Mr Jim Flaherty (Whitby-Ajax): Just dealing quickly with the Ontario Securities Commission issue and the passport application, that idea actually came from Ontario, didn't it, the passport idea?

Hon Mr Phillips: Actually, I don't think it did, but again, others can correct me if I'm wrong here. I wasn't there at the time, but I don't think it did.

0920

Mr Flaherty: I was there.

Hon Mr Phillips: I believe it was developed by a steering committee. I think the most Ontario said was, "We are prepared to participate in consultations on it," but I don't think Ontario ever said this is the direction that it wanted to go.

Mr Andersen: Maybe we could ask Phil Howell, the assistant deputy minister, office of economic policy, to answer the question.

Mr Phil Howell: There is some confusion around it, because the term "passport" has been used by the Ontario Securities Commission to describe some of the harmonization initiatives that they have been in many ways really leading, in concert with their colleagues from other securities regulators across the country, over the past several years. So that term has been used by the securities regulators to describe things that they're doing.

I suppose it's also fair to say that what the passport MOU that was signed last Thursday is doing is sort of putting a covering agreement over a number of initiatives that the securities regulators across the country have either already put in place or have in train and that will be realized later this year or next year.

The distinction, though, that I think is important here in the way this file has played out over the past year and

a half is that the passport has been set up as an alternative to a comprehensive common regulatory model that's based on all jurisdictions having underlying similar rules and securities act.

Mr Flaherty: The problem, to get to the crux of the matter, is that Quebec will not agree to a national securities regulator because Quebec is interested in preserving its provincial jurisdiction with respect to the regulation of securities in the province of Quebec. So for the minister to say here this morning that Ontario will not sign the MOU because Ontario maintains as a fundamental principle that there must be one common regulator for Canada is to kill the idea permanently as long as this government is in office in Ontario. That's what it amounts to, and that's what I object to on behalf of the people of Ontario in terms of economic growth.

It's vitally important, as I'm sure you'll agree, that in public offerings the process be expeditious, which is why David Brown from the Ontario Securities Commission and others put forward this idea originally that Alberta would deal with the mining issues, for example, the oil and gas issues, Ontario would deal with some other types of public offerings, and then the other provinces would get into line behind the lead jurisdiction on the offerings. As it is now, as the minister has said, you have to go to 13 different jurisdictions in a country of 32 million people for a public offering, which means that some public offerings are not offered in Canada because of this structure. It limits our abilities to finance in the capital markets in this country.

I say to the minister that I would hope his ministry and the Ministry of Finance would reconsider their obstinacy with respect to the passport idea. Would the minister at least be open to reconsidering that in the best interests of the Ontario economy?

Hon Mr Phillips: Again, I think pursuing a common regulator—and I go back to the recommendation of Purdy Crawford, who prepared the five-year review. The advice I get from virtually every major investor organization, issuer organization, is that we should be pursuing a common regulator. I don't think actually Quebec has unilaterally ruled out a common regulator. There are huge complexities, but in my discussions with the minister, he doesn't rule it out. He says there are obstacles to be overcome. But that doesn't prevent Ontario from pursuing a common regulator. It may be challenging to accommodate Quebec within that, but not impossible. What I am pursuing on behalf of the people of Ontario is the advice that we've gotten from, as I say, our own five-year review committee, the business community in Ontario, and it is entirely possible to come up with a common regulator. The advice I get is that it is possible to accommodate Quebec within that.

Mr Flaherty: If I can change the subject to the role of Management Board in managing the expenditures of the government of Ontario and your job as minister, there was a promise made in the last election among a few others that—this is number 65—"We'll balance the budget, keep taxes down and manage prudently in Ontario."

I want to ask you about the “manage prudently” part, if I may, Minister. We are now more than halfway through the fiscal year and, in terms of the commitment to manage prudently, we see economic growth somewhere in the area of 3% or so—some say a little bit higher now—in the private sector. We see out there a draft agreement from your government with the physicians and, I’m told, a 6% average increase for physicians in the proposed agreement between the Ministry of Health and the OMA.

We know from the Economic Outlook of your government that 80% of the spending by the government is transfer payments to spending partners. You know, Minister, that 70% or more of that spending goes for salaries and benefits. You know that negotiations are ongoing now, collective bargaining with the teachers’ unions in Ontario and other public sector and broader public sector unions. What message are you attempting to send from Management Board to the broader public sector and to the public sector itself in terms of appropriate wage increases in Ontario? Or should we take it that the proposed increase for physicians of about 6%, as I understand it, is to be the benchmark?

The Chair: Before you begin, Minister, I just wanted to remind all committee members that this is the estimates of the Ministry of Finance. The minister is here in his capacity with responsibility for the Ontario Securities Commission. So, Minister, if you wish to respond, you may, but that question might better be put to Minister Sorbara, whose estimates we’re in. It’s your call.

Hon Mr Phillips: Yes. You asked me as Chair of Management Board, so I guess I’ll respond. We got at it very early, looking at ways to cut costs—cutting out partisan advertising. I found there was a \$10-million-a-year kind of fund in Management Board for government householders that were run out of the Premier’s office, and we said, “Gone; let’s get rid of that \$10 million.” There were well over 300 highly paid outside consultants who were essentially doing government jobs but who for whatever reason were being paid substantially more than they would have been paid had they been part of the Ontario civil service, and they were doing the same job. So we said, “Listen, that’s a waste of \$20 million right there”—\$20 million being spent on outside consultants who were doing government jobs, and for whatever reason. I don’t know whether it was just to say, “Well, we’ve got fewer public servants now.” But we said, “It’s just plain a mistake to be spending \$20 million more to get this job done than if we had them as our public servants. Why would we do that?” In my judgment, I don’t know why the previous government did it. We said, “We’re not going to do that any more. We’re going to bring those jobs back in-house,” which we did, and that saved \$20 million.

0930

We are aggressively looking at all of our accommodations. We spend roughly the equivalent of \$600 million a year on rent and we’re moving to substantially reduce those costs. We believe we can consolidate some

government functions where we can be more efficient by pulling them together, and we’ve done that. That’s going to save us, in one area alone, \$12 million. We inherited, as we all now know, a fiscal situation that was far worse than the public had been told and we’re dealing with that. The message we say to the people who work with us is that we will treat our employees fairly and we will deal with our fiscal situation.

Mr Flaherty: Do you intend to treat some members of the broader public sector more fairly than others, or should we take the 6% as the benchmark?

Hon Mr Phillips: I think you should assume we’ll treat all of them fairly. That will be, at the end of the day, as everyone says, a hallmark of our government.

Mr Flaherty: Do you agree that Management Board approves \$4,129,256,000 in additional spending in the fiscal year to date?

Hon Mr Phillips: What I’ll tell you, Mr Flaherty, is that we are paying the bills that we legitimately have to pay as a result of commitments you made. I go back to those consultants that I talked about: \$20 million a year; that’s a bill we had to pay.

Mr Flaherty: I have the list of additional spending, in excess of \$4 billion, new spending by your government in Ontario that presumably has gone through Management Board. Management Board’s been approving the spending, I assume, Minister.

Hon Mr Phillips: The spending that you committed to; exactly.

Mr Flaherty: No. This is new spending.

Hon Mr Phillips: I think you’ll find the consultants are in that figure as well.

Mr Flaherty: Is it still the policy that for a contract in excess of \$25,000, it’s supposed to be subject to competition?

Hon Mr Phillips: Do you know what? We actually increased that—yes, it is \$25,000. It was \$50,000; we’ve reduced it to \$25,000.

Mr Flaherty: So if the Minister of Finance was going to hire Decima and pay them more than \$100,000, that ought to be tendered; is that right?

Hon Mr Phillips: I think you’ll find that the ministers follow the approved procedures for procuring any services.

Mr Flaherty: You’re the Chair of Management Board. If it’s more than \$25,000, the contract is supposed to be subject to competition, isn’t it?

Hon Mr Phillips: As I say, I think you’ll find—you’ll have to give me a specific—that the ministers follow those procurement policies.

Mr Flaherty: Well, the Minister of Finance wrote to this committee on June 23, 2004, about contracts that cost more than \$100,000 that were given to Decima Research by the Ministry of Finance, by Mr Sorbara. We’re told that Decima Research had a good reputation, and that’s why they were chosen. It appears that these contracts were not tendered. Is that contrary to the policy of the government of Ontario, in which you’re the minister responsible for Management Board?

Hon Mr Phillips: Again, I don't know the specifics of what you're talking about. I'd be happy to look at the specifics. But all of my experience to date has been that whenever I've ever looked at one of these things, ministers have followed accepted procurement policies.

Mr Andersen: Perhaps I could speak to that. The contract you're talking about was one where the vendor was selected from the vendor of record. It was in accordance with all of the procurement directives.

Mr Flaherty: So has it changed? It used to be that at \$25,000 and over, you're supposed to have competition. Has that changed?

Mr Andersen: I'll have to look at the specific dates with regard to the change in the policy, but I do know that at the time those contracts were let, it was fully in accordance with selecting a vendor from the vendor of record.

Mr Flaherty: So now in the government, if you want to give a contract to somebody you like, as long as they're on the government list, you can give them a contract for \$107,407.99, like the Ministry of Finance gave to Decima. Is that right?

Hon Mr Phillips: No. There are procurement policies in place. I haven't looked at the specifics of this one. I assume it followed accepted procurement procedures. I'd be happy to look at it. Any one I've looked at has followed them.

Mr Flaherty: Perhaps you could inform the committee, then, of the procurement procedures for contracts and what the monetary limit is. Because I certainly know that when we were in government, we operated on the \$25,000 basis. It was quite a serious matter, actually, that we allowed competition. The competition was imperative when we were dealing with contracts that were of a higher sum. That's why it would surprise me to see this answer from the Minister of Finance for a contract in excess of \$100,000 given to somebody, I guess, because he liked them and they're on the list.

Hon Mr Phillips: Again, I'll repeat for the committee that I think you'll find that in any instance I've looked at, the procurement policies have been followed. When you give me a specific like this, I'll look into it. I'll be happy to give the procurement policies to the committee. They vary. If you are on a construction project, there's a different limit than on other projects.

Mr John O'Toole (Durham): Chair, if I may, I'm quite interested in—

The Chair: I know you are. The rotation will come up in a moment. Mr Prue.

Mr Michael Prue (Beaches-East York): I'm anxious to ask some questions of Mr Sorbara, so I'm going to limit myself to not my whole 15 minutes. I hope you'll like that.

The most contentious issue faced by the committee looking into the roles of the OSC revolved around whether or not there should be a separate adjudicative function. On March 5, 2004, in his report on the fairness committee of the Ontario Securities Commission, Coulter

Osborne recommended that it be separated. Six months later, that report finally surfaced. It was buried.

Can you tell me why it was buried?

Hon Mr Phillips: I think I said at the committee, as a matter of fact, that I was given a copy of the report probably about a week before the committee hearings.

Mr Prue: I'm not saying that you buried it. Can you tell me why it was buried?

Hon Mr Phillips: I don't know whether you asked Mr Brown, the chair of the Ontario Securities Commission, that. I can't answer exactly for him, but if I'm not mistaken, he sought some additional advice on the matter from some other groups as well. So I suspect, although you'd have to ask him—I don't know if the committee asked him when he was here or not—that he was looking at the matter in totality.

From my perspective, the committee got the report, I guess, a few days after I got it.

Mr Prue: In that report by Coulter Osborne, he recommends separating the adjudicative function. In fact, he used very strong language. I quote from some of that: Matters of "institutional loyalty," the involvement of the chair in the major cases, the increased penalties, the sense that "the cards are stacked against them," the "home-court advantage," the lengthy-criminal law-like trials and the commission's aggressive enforcement stance, which will likely only increase over time, all combine to make a compelling case for the separate adjudicative body.

What are your plans?

Hon Mr Phillips: Firstly, the legislative committee is reporting on October 18, so I want to be a little bit careful of being accused of pre-empting that report. I truly do look forward to their report.

I think I said at committee—Hansard?—that there seems to be a fair bit of evidence in support of separating the adjudicative function. But I think I'm best to wait for the committee's report.

As you remember, it's not an absolutely 100% argument one way. I think there's a recent case in a different area where a separate adjudicative body—I think it was in the pension area, if I'm not mistaken—where the Supreme Court of Canada had some concerns about it being a separate body.

I'll await the committee's report. I indicated at committee that there seems to be a fair bit of evidence in support of it.

Mr Prue: When do you anticipate acting on the committee's report, which will be tabled in the Legislature, I guess, a week and a half from now?

0940

Hon Mr Phillips: Responding quickly, acting, will depend on what the recommendations are. Again, I don't want to be accused of pre-empting a legislative committee's work, but if there are some urgent matters, we should move sooner rather than later.

Mr Prue: Thank you, Mr Chair.

The Chair: We will stand down the remainder of your time. Are there any final questions for the minister? I'll allow them and I'll make up the time, but I want to make

sure the minister doesn't spend the whole morning here if he doesn't need to.

Mr O'Toole: I see Mr Sorbara is outside. Is he going to appear before the committee?

The Chair: Yes, he is. He's waiting to come in.

Mr O'Toole: Very good.

The Chair: You don't have any questions?

Mr O'Toole: Just on the contract thing, I'm quite interested, as critic for energy, and I had asked a question on the order paper in the House on the contracts for the Manley review of OPG. I have the minister's response from Minister Duncan. I wonder, was that tendered? This was the Manley commission that looked at the OPG issues. It's \$75,000 plus about \$1 million in legal fees that were assigned. Could you tell me, was that tendered? If you haven't got the answer, Mr Phillips, I'd be happy to put that on the table awaiting your response.

Hon Mr Phillips: Sure.

Mr O'Toole: If it wasn't tendered, perhaps what you intend to do about it because it wasn't tendered. I'm assuming it wasn't, because there was the original Erik Peters report, which was done rather hastily, which wasn't tendered at all. I don't know the cost of that either. If you're going to be clean and you're going to say, "We're above reproach," let's start that way. It's not meant in any way as being confrontational; it's purely a case of doing what you say. You're saying that everything is clean. I understand that and I expect that. But I'll wait for the answer, the written response to those inquiries on those two issues, to see if it is, as you say, clean.

Hon Mr Phillips: Send me the questions and I'll provide you with the answers.

Mr O'Toole: You got it. Thanks very much, Minister.

The Chair: Thank you very much, Minister. We appreciate your attendance today.

Hon Mr Phillips: Thank you very much.

The Chair: We will ask Minister Sorbara to come forward. Welcome, Minister Sorbara. In this portion of the rotation, Mr Prue has 11 minutes remaining.

Mr Prue: Mr Chair, can I just ask, is this going to come around again, or do I have just the 11 minutes?

The Chair: Several times.

Mr Prue: OK, good. Then I'm going to spend my first 11 minutes on auto insurance. You and your party were quite explicit in your platform and you've stood up in the House many times and talked about a 10% reduction for auto drivers. This hasn't happened. To be fair to you, it's probably around 7% in some areas, but many people are getting small increases because of the previously approved rate increases. What's the reason for the shortfall? Why didn't you meet the 10% that you promised you would?

Hon Greg Sorbara (Minister of Finance): I think the very good news is that for the first time in some four years, over the period since the freeze went into place on January 23, auto insurance rates are finally coming down, and they're coming down significantly in Ontario. If you need evidence, I just heard anecdotally that my friend

from Mississauga West just got a renewal of his policy. Can he confirm that his rate went down by some 11%?

Mr Bob Delaney (Mississauga West): Confirmed.

Mr O'Toole: It's special treatment.

Hon Mr Sorbara: You don't want to make that allegation, I tell my friend Mr O'Toole.

I think the key point to make is that in the first round of reforms, auto insurance rates began to drop and are now, by our guess, at around 7.5% and dropping. The Insurance Bureau of Canada, in the measure that they use, say it's an 11% reduction. They have a different way of calculating, but it's the same province and the same pool of drivers.

We have, ongoing, another series of reforms which we believe will continue the downward pressure on rates. This is good news. In this second round of reform we are looking at reforms that create more competition in the marketplace because that as well will have further positive pressure, bringing rates down. We are looking at models that allow drivers to customize their policies. This will help drivers be able to buy all of the insurance they need but only the insurance they need. We have now launched, if my memory serves me, a Web site that will help drivers do their shopping. I've always thought that if we can instill further competition in the marketplace, that too would have a very positive effect for purchasers.

So I'm very pleased. I said, about two or three months ago, when we took the temperature and we were at about a 7.3% or 7.5% reduction, that we will get to 10%, and I think I can reconfirm that today. We will, by the analysis that we do, get to 10%.

Mr Prue: But the initial promise was 10% the first year and 10% the next. You said last week, I believe, to the press that you're now looking at only a 1% to 2% decrease for next year. Is that correct?

Hon Mr Sorbara: Well—

Mr Prue: So that's 10% overall, not 10% and 10%. That's half of what you had suggested earlier that you could do.

Hon Mr Sorbara: I don't think any of us could have predicted that oil would be at \$50 a barrel today. I don't want to get into a numbers game. What we had talked about when we presented this program was a 10% reduction and further reductions. With the second phase of reforms, I think we will get that. It's just very, very important to note and reaffirm that this is after four and a half or five years of continued upward pressure on insurance rates. They were just going through the ceiling.

We said in the campaign that we were going to turn that around, and the very first thing we did as a government was to freeze auto insurance rates. The Premier made that announcement on the day that his cabinet was sworn in. We brought forward that bill. We required under the bill that all insurance companies refile rates in accordance with the bill. In the first tranche, the insurance companies whose rates were approved had reductions of around 10%, and that trend continues. In fact, if you check with your constituency office you will see that whereas a year ago people were just livid about their auto

insurance rates, I suspect that you're getting very few calls any more about policies being renewed at exorbitantly high rates. On average, according to the Insurance Bureau of Canada, rates are down by 11%. By our calculation, with the renewals that are coming in and rates that have been approved, we are at 7.3% and we are continuing to see a reduction in rates through greater competition and the reforms that we brought in.

Mr Prue: From your answer I can only take it that you have abandoned your pledge of 10% and 10%.

Anyway, I'm going to go on to the next part, which is this new bare-bones package that you're slicing and dicing and taking out things that the insurance companies have to pay for. I understand that people are expected to take advantage of similar benefits at work. Is that true, that where they can accrue those benefits from some other provider, they won't be required in the future to have similar auto insurance?

0950

Hon Mr Sorbara: We did a fairly extensive consultation on policy customization. We haven't announced the results of that consultation. We will be making some proposals and we will be presenting a package of reforms in that regard.

Surely my friend from Beaches-East York is not arguing that greater selection, greater variety, an ability to customize one's policy, is a bad idea. One of the things, I think, he will see when the customization package comes out is there will be a new level of competition amongst insurers which will have further positive pressure on rates; that is, to bring them down.

I can't tell you today, and I won't tell you today, what things drivers can opt out of, but just to make the general point that we are trying to provide greater variety and selection to drivers so they have the insurance they need but only the insurance they need.

Mr Prue: Just to follow on that, the Insurance Bureau of Canada is saying that people, low-paid people particularly, who don't have employment-related benefits are likely going to have to pay more because the overall risk pool will be smaller, because some people will take advantage of programs they have within their workplace and those who are in poorly paid positions, those who don't have unions, those who don't have benefits from a large corporation, are going to end up paying more. Is the insurance bureau right that these people are going to pay more in your scheme?

Hon Mr Sorbara: I have a tremendous amount of respect for the people at the Insurance Bureau of Canada, even when, a year ago, they were saying that the government couldn't get rates down by the order of magnitude we were talking about. Whereas we were shooting at 10%, they're saying, "You're already at 11." So it's interesting speculation but, I think, less than accurate speculation by the bureau. We have not yet announced a package of customization, so they're commenting on something that is not yet out there. But we will be working directly with them and the companies they represent in Ontario to ensure one thing, I say to my friend from

Beaches-East York, and that is that insurance rates continue to go down and the marketplace continues to be characterized by new levels of competition.

One of the things that troubles me is that, as consumers, none of us do a very good job of shopping for this product, auto insurance. I think we tend to find it a little bit mysterious and we tend to simply rely on that wonderful broker who has served us for so many years. Because within the ministry we're concerned about the marketplace not working all that well, we have designed and have now launched a Web site that consumers should have a look at to help the average consumer shop for insurance. One of the by-products of this as well will be to enhance competition, because a more informed marketplace is a more effective marketplace. Part of our package of reforms is to create better information and a more informed shopper.

I think we need to wait a while before we speculate on the impact of the customization part of the initiative, because we're still at the design phase and it would simply be unproductive to speculate on what impact it might have.

Mr Prue: Do I have additional time?

The Chair: One minute.

Mr Prue: In terms of insurance, can you tell me, as a result of your reforms and what has happened, how many additional people are now in Facility's management, how many people are having to go outside the insurance system?

Hon Mr Sorbara: I'll correct the record after, if I'm wrong when I answer. I can't give you an exact number—we'll get a number for you and talk about it in the next go-round—but I am pretty darn sure that it is lower and perhaps even much lower. The Facility is now being re-established as the agency for those who do not deserve to be insured by the regular marketplace. That's what it was designed for and that's what it's returning to. I'll get some harder numbers for you during the course of these estimates.

Mr Prue: OK. Thank you.

The Chair: Thank you very much. Mr Delaney.

Mr Delaney: Good morning, Minister Sorbara.

Hon Mr Sorbara: Is it true about your insurance rates?

Mr Delaney: It was with a great deal of trepidation that I opened the envelope and I looked in. I dragged out the old policy, and sure enough, it had come down more than 10%, nearly 11%. It was still high, but I breathed a—

Hon Mr Sorbara: Now, now; stop that.

Mr Delaney: I breathed a sigh of relief and knew that the galloping acceleration of those rates that saw them nearly double in the last three years had stopped. That was driving the same old car with no accidents.

Hon Mr Sorbara: You're not complaining about your salary now, are you?

Mr Delaney: Later.

A couple of comments, and then I've got a question or two for you.

It may be helpful to press the insurance industry into some degree of transparency into how rates are set by carriers. Brokers have related to me that they're afraid to complain about some of the policies of the carriers for fear of being cut off by those very same carriers.

You mentioned shopping around, which is an option I've recommended on a number of occasions to constituents, often with good effect, because many people seem to feel far more loyalty toward their insurance carrier than that carrier has ever shown to them. One thing I heard in the last few weeks, which I can't confirm empirically but I have heard anecdotally from constituents, is that apparently for their brokers to even ask about your rate causes some companies to create an unfavourable note on the policyholder's file. One said that her broker had to do what was called an anonymous request—whatever that is. So I just mention that.

Can you encapsulate for me in a few minutes some of the steps the government has taken so far to reform the system, and perhaps expand on some of the trends and some of the things we can expect over the next year or two?

Hon Mr Sorbara: I think it's a fair question, some of which I alluded to in the questions from our friend from Beaches-East York. If I could just put it in context, up until the time of the election, and certainly in that year before the election, this Legislature was often abuzz with debate and questions and comments about skyrocketing rates for auto insurance. Each of us who were elected during that period heard in our constituency offices the same sorts of refrain. In summary, there was a period of four and a half or five years of dramatic increases in rates. There was a sense that the cost of benefits was going through the roof; that the designated assessment centres were not working all that well; that the insurance companies had carte blanche to continue to prime the pump, as it were, to raise rates. I think they would argue, and one has to give some credence to their argument, that they were the victims of ever-increasing costs of settling automobile accidents. In any event, we worked in an environment that was simply not very accommodating to the average consumer.

Before the election, our member from Toronto Centre-Rosedale, George Smitherman, led, on behalf of our party, an exhaustive review and a set of proposals that actually became the basis of our campaign commitments. As I mentioned to Mr Prue, the day Dalton McGuinty's cabinet was sworn in, we announced the freezing of auto insurance rates. The design of our work was to freeze rates immediately, so to stop the upward pressure, and to require, under a piece of legislation that was passed in Parliament a year ago—I think it was Bill 2 or 3 or 4 or 5; I can't remember.

Interjection.

Hon Mr Sorbara: Right. In any event, we froze the rates immediately and required, under the legislation, all insurers to refile rates as of January 23. In the meantime, we made a number of changes to the regulatory environment which would create some capacity for insurers to bring their rates down.

Can I just do a little commercial for our colleague Mike Colle, who was, within the Ministry of Finance as my parliamentary assistant, the lead on this? He put together a small team that worked tirelessly, and sometimes fairly aggressively, with the insurers to make it clear that we were going to redesign this system to bring about more competition and lower rates. He has done an absolutely superlative job. He just took the responsibility on and he ran with it, and he knew what the mission was.

One of the things that was critical was not to lower rates simply at the expense of victims. I mean, it's easy. You could bring rates down by 50% if, as a result of an accident, accident victims got nothing. So the balance is always to make sure that the quality of the benefits for those who have suffered as a result of an automobile accident is not unduly impaired or reduced. That was the policy context within which we were operating.

The first round of rate reductions was approved I think on or about April 15. Those companies collectively represented reductions of very close to 10%. There were some other companies for whom that size of rate reduction would have jeopardized their viability, so once all the companies had filed, we were down at around 7.3%, 7.5% overall, by our measure. But the Insurance Bureau of Canada, by their measure, says it's 11%. That's why it was so funny to hear that your rates had gone down by 11%, because that's exactly the number that the bureau is advertising.

In any event, we said in the campaign that there would be two stages of reform. We're into the second now. We think the momentum is positive. I didn't mention the transformation of the designated assessment centres. There is a level of administrative work that is very costly, in our view, and needs to be reformed, and this centres specifically on so-called designated assessment centres. We propose to dramatically transform those. We propose to bring in some customization of policy. We are already doing a much better job of informing the marketplace about how to buy insurance and we're encouraging greater competition.

I'm sorry for the length of the answer, but this has been almost two years of work, some of it before we were elected and the bulk of it after we were elected.

Mr Delaney: Thank you.

The Vice-Chair (Mr John O'Toole): About six minutes left, Mr Leal.

Mr Jeff Leal (Peterborough): Minister, thanks very much for being here this morning. My question really—

Hon Mr Sorbara: I hear that Phillips's ratings were higher than mine. I'm going to get very angry, if that's true, by the way. Is that true, Mr Chairman?

The Vice-Chair: It's a very neutral position in the Chair.

Hon Mr Sorbara: I'm sorry for interrupting.

Mr Leal: Not a problem.

In the riding I represent, we probably have the third-oldest population in the province of Ontario, and, having said that, a significant number of seniors who want to continue to live in their own homes as the best spot for them to be.

I just want to ask, in terms of the tax credit, the increase for seniors in the budget that moved from \$500 to \$625, which increased it 25%, and now covers both those who own their homes and who rent their homes, how many seniors are indeed going to benefit from that 25% increase in their property tax credit?

Hon Mr Sorbara: I appreciate the question from my friend from Peterborough. Obviously, you know best the makeup, the demography, of the population of your community and the number of seniors there. Boy, were they courageous and were you courageous and was the community courageous during those terrible floods that punctuated this summer in Ontario. I can tell you how proud I am that our Premier and our government responded very, very quickly. I'm not sure that everyone in the province knows that it was at your urging and with your interventions that we were convinced that we had to move quickly. But that wasn't what your question was about.

If you go back to the budget, the initiative to provide an additional \$125 to seniors with modest incomes was, for me personally, one of the real highlights of the budget, and I want to tell you why. During the election campaign, the Conservative government was proposing an education tax credit for seniors which would have given the greatest benefit to the wealthiest seniors. If I am a senior and I live in a \$1-million home, I'm probably paying \$3,000 in education tax, and under their proposal that would have been forgiven. But if I'm a senior who lives in, say, a modest \$200,000 home in downtown Toronto and I pay \$250 or \$300 in property tax and got that relief, that's so much less. It was very skewed. But we had to campaign against that. I had to go from seniors' community to seniors' community to say, "If you elect us, you're not going to get that education property tax credit." It was the right thing to say, and I was amazed at how many seniors said, "That's OK, because it's not a fair piece of public policy."

In response to that, I wanted to make sure that in the budget we did right by those seniors whose incomes are modest, who live on fixed pensions, on retirement savings, and who don't have the luxury to go out and add to their income. It was that group of seniors that we really wanted to help in our budget, and I'm going to ask John Whitehead, the director of the office of the budget and taxation, to give some specific answers to the details of your question.

Mr John Whitehead: Thank you, Minister. We're looking at an estimate of about 735,000 senior households benefiting from the change in the budget this year. It's about a \$415-million initiative. The property tax credits and sales tax credits for seniors have two components to them. One is the basic underlying property tax credit, which is being increased from \$500 to \$625, and the other component that's relevant here is the overall maximum credit, which is increased from \$1,000 to \$1,125. In total, all of the 685,000 senior families that were on the program previously will be getting an improved benefit, and about 33,000 senior families who did

not currently benefit from the credit will benefit from this being brought in at the edge.

The minister mentioned that the credit is aimed at families with low and moderate incomes. I'd just mention that this particular credit begins, to round down, at \$22,000 of net income, so measure 4% of net income in excess of \$22,000 to begin reducing these benefits.

The Vice-Chair: Two minutes left.

Mr Leal: I just want to thank Minister Sorbara. Frankly, I know the enhanced tax credit this year helps all the province, but it will be particularly helpful in Peterborough for those senior citizens who are now in the process of rebuilding their homes after the devastating flood. I want to thank you and your colleagues at cabinet who responded so quickly and got provincial money flowing to people. You certainly gave them a ray of hope during the early days after the devastation hit on 7/15.

Hon Mr Sorbara: Well, you know, we've just celebrated our first anniversary. The world is never perfect, and things don't always go the way you want, but among the highlights, I feel, in our first year was the quickness of the response. I don't tell tales out of cabinet, but the determination of the Premier to make sure we were there when needed, not just there with a commitment that, "Oh, well, you figure out what the damage is and some day we'll provide some relief," was one of the high points of the year for me, personally.

1010

The Chair: Thank you, Minister. I will now move the rotation to Mr Flaherty or Mr O'Toole.

Mr Flaherty: Minister, just briefly on the auto insurance part before we go on to the estimates, since it was raised already this morning: I take it that the round of consultations with respect to the customization are near completion or are completed.

Hon Mr Sorbara: I think the consultations have been completed and now we're trying to digest the information we received, trying to do analysis, trying to make sure that the initiatives we bring forward will have the same positive benefits on rates that our last package of reforms have had. We're determined to continue to intervene so that motorists have a quality product at a fair price.

Mr Flaherty: Do you intend to permit the members of the Legislature to participate in this discussion before you announce your initiatives that you refer to?

Hon Mr Sorbara: I think there will be plenty of time for a vibrant debate on the initiatives. If my friend from Whitchurch-Ajax thinks we should find an opportunity to engage him or other members of the Legislature in the discussion, I'll take that into consideration.

Mr Flaherty: You can do more than take it into consideration, Minister. Auto insurance is a mandatory product in the province of Ontario. By law, everyone who owns an automobile has to purchase the product in order to use it. You're proposing, I gather, significant changes to the DAC system in Ontario, which directly affects victims of motor vehicle accidents. I gather you're also proposing to abandon the standard auto policy in Ontario. The reason it has been prescribed for years is specifically

the point you made earlier, which is that most people don't shop for the particulars of their auto coverage, which is why government, in its wisdom, some years ago created a standard auto policy. Many of the changes are regulatory, not legislative. So that's why I want your assurance today, on behalf of the members of the Legislature—all of us, quite frankly, not just those of us who are in opposition—that we will have full opportunity to consider whatever initiatives your government proposes to come forward with. Can you give that assurance?

Hon Mr Sorbara: This is surprising, coming from a member who served for some two years as Minister of Finance. He was, for a period of two years, responsible for auto insurance in the province. During that time—during five years, in fact—auto insurance rates went up and up and up, and he was the minister at the time. He did nothing about the upward pressure on rates. He and his government washed their hands of it. When we came to power we froze rates immediately, and since that time there has only been good news in this area. In fact, if you go back to the votes—you talk about the Legislature—my friend from Whitby-Ajax voted against the freeze that we put in place in the fall of last year so that we could start to repair a system that was broken.

I'll tell my friend that we will do everything we can to make sure we have the good, solid opinion of the members of his party as we prepare to bring in our next phase of reforms. But I'll say that his record of reform in auto insurance does not suggest to me that the advice is going to be very helpful.

Mr Flaherty: Minister, you might want to go back and actually look at what we did in auto insurance when I was the Minister of Finance before you—

Hon Mr Sorbara: Yes. You let the rates go up and up.

Mr Flaherty: No. You might want to look at the regulatory changes that were made at that time, with which you are apparently unfamiliar.

Since you make a big deal about the Magna budget and so on, will you now practise what you preach and assure the members of the Legislature that we, as members of the Legislature representing our constituents, will be consulted fully before any changes are made with respect to the regulation of automobile insurance in Ontario?

Hon Mr Sorbara: I'll say to my friend that we don't make a big deal of the Magna budget. The people of Ontario make a big deal of the Magna budget. I remember during that period we had 16 or 17 editorials—an editorial daily—in the Toronto Globe and Mail pleading with your government to come to your senses and to deliver a budget in the Legislature. But the fact is that the budget was not a budget; it was a pre-election ploy to try to improve the prospects of re-election of your party. Frankly, the wisdom of the people of this province is much greater than of those who were organizing your campaign, and it was a failure. So don't say that we make a big deal of the Magna budget. It was the people of

Ontario who were very concerned about what you were doing to parliamentary privilege.

Mr Flaherty: The question is, are you going to consult, Minister?

Hon Mr Sorbara: I'll say once again that I am perfectly willing to consider the input from you and your colleagues and every member of the Legislature as we design this next package of reforms.

Mr Flaherty: So you'll make the information available to us as members so we can make informed comment. Is that correct, Minister?

Hon Mr Sorbara: I simply reiterate that we will make sure we have the considered opinion of the members of the Legislature as we bring forward our next package of reforms.

Mr Flaherty: Collective bargaining is underway in the province of Ontario in several important sectors, including with physicians and, in the education sector, with various unions, including teachers. One of the responsibilities of your ministry, according to estimates, is "establishing the government's financial controls." You know that 80% of the spending is transferred to spending partners. You have that in your economic statement. You also have your commitment, which you made on Friday in a speech, for cost containment, which was the expression you used.

I gather, although we haven't see it, that there is a letter out there relating to physicians' negotiations by your government—presumably your ministry knows about this, as the financial control centre of government—with the physicians proposing an average 6% increase in their compensation. Is it the position of the government, then, that the public sector and broader public sector should use that 6% as the benchmark in their collective bargaining in the province? If so, how on earth are you ever going to balance the budget in the province? Go ahead and do the rant about the deficit and all that, but once you've done that—

Hon Mr Sorbara: I invite you to do the rant about the deficit.

Mr Flaherty:—please deal with the issue of collective bargaining and why this 6% number is out there now in the first serious set of negotiations that have gone on.

Hon Mr Sorbara: I'm simply not going to take advantage of the invitation my friend offered to do the rant about the deficit. He has been a Minister of Finance. He knows the pressures on this province in terms of expenditures and he knows full well the extent to which costs of government in this province went up over the last three years of his party's time in office—by some 27%—while revenues actually went down by 0.06%. He's been in business; he's run a law firm. He knows that if your expenses are growing by 27% and your revenues are dropping by 0.06%, sooner or later you're going to hit a wall. As a result of the kind of public administration of his government, we're getting pretty close to that wall. I'm determined, I tell my friend from Whitby-Ajax, to clean this thing up and make sure we don't hit that wall, and to make sure that with the initiatives we take, that I

talked about on Friday morning, we ensure that this province gets back to financial health.

I listened to his leadership speech and I want to commend him on it. I thought it was inspired, as all the speeches were. But beyond the rhetoric and the politics, I think we have a common interest in creating a stronger balance sheet in Ontario to bring expenses and revenues back into line, to create a healthier investment climate so that that new generation of investment that will characterize the next Ontario economy will find welcome soil in this province. All of that stuff requires that we use discipline in public administration—

Mr Flaherty: Right, and that's the question.

Hon Mr Sorbara: —and it's the discipline in public administration that his party didn't have and that we will have that will characterize our collective bargaining negotiations.

1020

Mr Flaherty: Is that why you're increasing the cost of running your ministry, the administration costs, by 10.2% this year? Is that your idea of efficiency, Minister?

Hon Mr Sorbara: I tell my friend—he's been in this ministry—that we have not done, over the course of the past 10 years, a good enough job of collecting the tax owed to us. The only significant increase in the real work of the Ministry of Finance over the course of the next years will be for more aggressive, and therefore more equitable, tax collection.

Mr Flaherty: And as part of your cost containment, is that why you've emphasized new spending of more than \$4 billion this year?

Hon Mr Sorbara: You know something? I'm going to get one of our officials to speak more directly on the authorization of \$4 billion more in taxation. I take it you're talking about the budget year 2004-05.

Mr Flaherty: I'm talking about since February 25, 2004, to March 2004. I can give you the list and you can go through it, and if you'd like to give us your comments on every one of these new spending items, I'd welcome them.

Hon Mr Sorbara: I have to tell my friend from Whitby-Ajax that I read his comments about the alleged \$4 billion more in spending when we presented our financial statements for the financial year 2003-04. I suggest that your figures were just plucked out of the sky. To suggest that we added \$4 billion with initiatives that we took from when we came into office on October 23 to the period ending March 31 is simply erroneous.

But to get more detail to you, Mr Chair, I'm proposing that Gabe Sékaly, the associate deputy minister for fiscal and financial policy, have an opportunity to respond more directly to my friend's questions.

Mr Gabriel Sékaly: Thank you, Minister. First of all, sir, I'm not aware of this figure that you're presenting us. I can tell you that in terms of the February to March period, I think you said—oh, OK. You are comparing 2003-04 to 2004-05? Is that what you're comparing?

Mr Flaherty: I'll give you the list. It might be easier for you just to go through it, if the ministry would like to

give us a response to each spending item. The minister is very fond of line-by-line analysis; we heard that in his speech on Friday. So I'd welcome a line-by-line analysis of the additional spending of more than \$4 billion.

Mr Sékaly: Well, sir, I'm looking at this list, and though there are announcements here, a lot of them were already in the 2003-04 fiscal year. If you look at the public accounts for the province of Ontario for the 2003-04 year that were tabled a week ago today, as you know, the deficit number for 2003-04 is \$5.5 billion, as verified by the auditor. The revenues and expenditures, as compared to the interim numbers that we put out at budget time, are pretty close to those numbers, and compared to the November fall statement as well are very close to those numbers. There is not \$4 billion in additional spending. If I look at this list, I think a lot of these are things already in the fiscal plan. Some of them, sir, are multi-year amounts over a number of years and don't relate to the 2003-04 list. For example, you have on this list \$500 million for auto sector, and that is over a number of years; it's not a one-year thing.

Mr Flaherty: It is a spending commitment, is it not?

Mr Sékaly: Over a number of years, not for—

Mr Flaherty: Right. So you'll let us have an analysis, then—

Mr Sékaly: I mean, you're talking about 2003-04.

Mr Flaherty: Right. You'll let us have an analysis? I don't want to spend all my time here while you go through every item. If you could send us an analysis, that would be very helpful for all the committee members.

Hon Mr Sorbara: Mr Chair, if I might, we will consider the advisability of sending an analysis. Maybe we should make a deal, I say to my friend from Whitby-Ajax, because what you reported and what I think you intentionally wanted to do is to create the impression that we spent \$4 billion more in 2003-04 than had been provided for in the budget that Ms Ecker presented for 2003-04, and that is absolutely—I mean, I don't know how you could say that. The Provincial Auditor just presented the audited financial statements of the province, and I'm going to ask Gabe to correct me if I'm wrong, but expenditures for 2003-04 exceeded the estimates and the budget for 2003-04 by about \$600 million, if I'm not mistaken, and much of that related to expenditures in health—

Mr Flaherty: You only have a minute left here.

Hon Mr Sorbara: —related to a terrible tragedy, SARS. So for you to go on record and to suggest that that figure is \$4 billion doesn't hurt us, but I'll tell you, my friend, it damages your credibility significantly.

Mr Flaherty: I appreciate your view.

A big 60-page report is due today because it was ordered to be produced. This is the report your government asked for from the public service about the cost of your promises. Is that going to be produced today, by the way?

Hon Mr Sorbara: I am advised that it is being copied right now.

Mr Flaherty: Good. I'd like to have a chance to look at that. Then if you'd come back before the committee and give us an opportunity to ask you questions about this report that you fought the production of that is now going to be produced today—you know you agree to that?

Hon Mr Sorbara: You just hold on a second there, Mr Flaherty. You just hold on a second.

Just to correct the record again, Mr Chairman, I am given to understand the report will be made public later today. I haven't seen the report. The one matter I wanted to correct is, he suggests our government—

Mr Flaherty: Cabinet saw it.

The Chair: All right, gentlemen.

Hon Mr Sorbara: That is simply not true.

The Chair: Mr Sorbara, thank you. Mr Prue, you've been most patient.

Hon Mr Sorbara: It's one of his real strong characteristics.

Mr Prue: Absolutely. I'll go on to my second line, and that has to do with the government review and fiscal update.

I never get angry. Did you ever notice that?

Hon Mr Sorbara: I noticed that and I really admire that about you.

Mr Prue: On Friday you made an announcement about a large-scale review of government programs. It took some people sort of by shock because nobody has seen any kind of detail as to why this review, why you're changing directions in mid-budget year. Are the numbers bad? That's what I'm going to ask you first. Is the deficit worse than you had anticipated?

Hon Mr Sorbara: The answer is no. We're more or less right on target. Our estimates—we feel very comfortable with the rate of economic growth. Economic growth is somewhat higher than had been projected in the budget. Again, I'm going to ask Gabe to listen carefully and correct me if I'm wrong, but I think the budget forecast economic growth at 2.3%, and currently we're running at 2.6%. So for most of that, we're right on target. Revenues are more or less in the ballpark that we had provided for in the budget.

I guess one of the reasons that inspired the speech I made on Friday was that one of the components of the budget had simply not attracted very much public attention. The budget provided for some revenue enhancement. It also provided for cost containment, and I was very clear on that. Obviously, the revenue enhancement, the Ontario health premium, has been the subject of a lot of public discussion and media consideration. But we felt like our determination to get our house in order and to bring the province back to financial health in accordance with the budget plan hadn't received enough attention, so I felt it appropriate to speak about that publicly. One of the things I said in the speech was that we were absolutely committed to the central theme of the budget, and that is to be in positive territory, to have eliminated the deficit by the budget we present in 2007-08. That's going to take a lot of work.

Mr Prue: It is. I think your announcement sent chills down the spines of many public employees in the province of Ontario. How many jobs are you looking to axe?

1030

Hon Mr Sorbara: I don't think it should have sent chills down anyone's spine. I think in the spine of this government is the resolve to make sure that we get our financial house in order. I think you and I and the province heard the Premier say in the early days of our government that we had to be very prudent, that we had to work with our public sector partners and the broader public sector generally, and that we needed to manage the demand for additional revenues and salary increases.

I did not put out any specific numbers in my speech on Friday, because the work is really just beginning. What I said then and I'll repeat now is that inevitably, certain programs will be eliminated. I am really counting on the fact that this modernization of government will include new architecture so we can find new ways of delivering enhanced services. I said in my speech, and I'll repeat here, that our commitment to enhancing the quality of our education system, enhancing the delivery of health care and strengthening this economy are the three things that drive everything we do.

What I'm doing in this program review exercise is, in a sense, the back office stuff to make sure that we are as productive as we can be and as efficient as we can be as we proceed to reorganize, modernize and improve the delivery of public services.

Mr Prue: I think many of the people in the provincial civil service are looking at the types of deals that have been made, first of all with the community colleges, and now last week with the doctors, and are seeing themselves juxtaposed quite on the opposite side. If I could just forewarn you, I expect you're in for a harder time rather than a softer one with the direction you're indicating.

Hon Mr Sorbara: I appreciate your warning, but I think you would join me in acknowledging that we have to manage our relationship with the broader public sector more effectively than it has been managed in the past. Frankly, we have to reduce expectations. These will—I know my friend will agree—be difficult negotiations, but we weren't elected and put in office so that we could have an easy time of it.

My friend from Whitby-Ajax suggested that the OMA agreement is a 6% agreement. That is, for me, conclusive evidence that he has never seen the agreement, that he's never read it, that he doesn't know anything about it. I can tell you that, on average, doctors will receive around a 2% increase for services that they deliver. Some doctors, based on the nature of their practice, will receive 0%. Some doctors who are participating in the transformation of the delivery of public services and moving to family health teams, helping us to move closer to better home care, will receive more than the 2%. But for my friend from Whitby-Ajax to suggest that it is a 6% agreement is scaremongering, inaccurate and simply should be ignored.

Mr Prue: The province just got \$825 million from the federal government in terms of new health care dollars. Where is this money going to be spent? I know there was quite the kerfuffle in the Legislature when the last money was spent on sewers. Where are you spending this \$825 million?

Hon Mr Sorbara: My friend is absolutely right. The figure, as a result of the health care negotiations, will be around \$825 million this year. I'm looking to staff to make sure, and I'm going to ask my deputy to speak to it a little bit, but might I just say, by way of introduction, to put something on record on the accord, it was a good agreement for the country.

One of the things that I think that agreement did is reconfirm this country's commitment to a universal public health care system from sea to sea. If those negotiations had broken down, if the Premiers had walked away mad and the Prime Minister had walked away without an agreement, I think editorialists and commentators would be writing today that Canada is losing its public health care system because governments at various levels couldn't agree. Aside from all the figures, the great thing that happened was that the governments of this country—10 provinces, three territories and a federal government—got together and said, "We are going to improve this system and we're going to recommit to it."

I'll get to some of the specifics in a second; \$18 billion over six years. It sounds like a huge amount of money and it is a huge amount of money. Frankly, I don't think the federal government was anticipating spending that much when they sat at the table at the beginning of the conference.

Mr Prue: OK, but where are we spending our \$825 million?

Hon Mr Sorbara: For Ontario, in the first year it will be about \$825 million and thereafter about \$1.3 billion.

But just before we get to the specifics, I have to put in a plug for the work our Premier did to keep people at the table. When temperatures were rising, when it looked like the thing was breaking down, the Premier of this province, in the great tradition of Bill Davis, John Robarts and going back to George Drew—my God, like Bob Rae and David Peterson—put the interests of the country ahead of the interests of the province. He, more than anyone else, kept people talking when things were getting difficult.

Now let's let the deputy talk about specific numbers.

Mr Andersen: The minister was correct when he said that for Ontario it means we're going to be getting about \$825 million this year and then an additional \$1.2 billion, roughly, over the next number of years. It roughly stays flat from that point on. Under the agreement there were a number of components, and some of that funding goes into the base, essentially. Other parts of it are earmarked for some specific things and there is some one-time funding included in that.

Certainly Ontario has said that every single dollar of that is going to go into health care spending. Just to go through some of the components that were agreed to,

there was some money that was going to go into the base to cover off home care and catastrophic drug coverage. The federal government had described that as the Romanow short-term gap, and that was some one-time money. Then there was also an additional increment to the base in 2005-06 for home care and catastrophic drug coverage, as they had put it. There is an escalator that kicks in in 2005-06, roughly in the amount of 6%. Then there is also a wait-times fund that is a separate amount of money that's earmarked specifically for that and carries on for about 10 years or so. Then we'll see. This year, in 2004-05, there is also a one-time fund for medical equipment funding. So that fund is very specific for purchases of equipment in the health care sector.

As you can see, there are some funds that are more general in nature that the Ministry of Health could use to work with regard to health care spending in general. We have committed as well that there will be a full accounting of where the money is spent, similar to what we did in the budget, where we laid out where we are going to be using the available funds. Until we see the exact form of the legislation that the federal government puts out—because they do actually have to put this into legislation for it to take effect—we're still continuing to work with the ministry on those amounts.

I think it's safe to say that, as the provinces said all along, the funding the federal government is providing is very helpful. We were concerned in Ottawa that expectations were being raised that were above and beyond the amount of money that was provided, and we continue to have that concern. But that being said, we are going to be able to make progress on wait times with this funding and we'll be working with the Ministry of Health in the next few months to determine exactly where it's going to go. It will go for the purposes that were agreed to, and certainly it's going to help Ontario with the transformation agenda that we already have underway in the areas of primary care, home care, long-term care and the like and with reducing wait times overall.

1040

Mr Prue: Do I still have time?

The Chair: You have four minutes.

Mr Prue: Excellent. In last year's budget you talked about how much you were spending in health care, and then you opined that next year you are going to be spending about \$600 million extra on health care. Next year you're going to get \$1.2 billion or \$1.3 billion, depending on which one of you is correct. Can we anticipate that that's not going to read \$600 million any more but is going to be closer to \$2 billion extra for health care? Or are you going to be spending the federal money somewhere else?

Hon Mr Sorbara: I'm going to ask the deputy to speak to some of the details of that. But one of the things you need to understand is that the health accord with the national government and other provinces is an effort to strengthen basic health care funding in Ontario and in every other province.

You may have heard about the famous so-called "Romanow gap." I don't think the Romanow gap of

25%—well, let's just spin the tape back a little bit. The Romanow gap is notionally the difference between what Roy Romanow in his report thought ought to be the federal government's basic funding of health care—25% of the health care costs of the provinces—and what the federal government was actually contributing to the delivery of provincial health care programs. That was notionally known as the Romanow gap. There was a lot of discussion about it during the negotiations in Ottawa.

One of the things the agreement does is to provide additional funding to support the basic delivery of health care in a way that had actually fallen precipitously back in 1995, when Paul Martin, then finance minister, cut so much out of transfers to provinces.

Mr Prue: OK, but are you cutting the \$600 million? That's the question.

Hon Mr Sorbara: Before I turn it over to the deputy, let me say that we presented a budget plan for four years on budget day in May of this year. We are pretty much going to be sticking to our forecast. But I don't want to be specific about what the actual numbers are for 2005-06 until that budget is presented.

With that, I'll turn it over to the deputy.

Mr Andersen: As you'll recall, in the budget there were multi-year expenditure numbers that were outlined for the Ministry of Health, and now that we're seeing how negotiations with the federal government have gone along with regard to the amounts of incremental funding—as I had said, this year we're going to get \$825 million more. Then that number would go up to \$1.2 billion. So the year-over-year increment is only \$400 million in the additional amounts. However, the amounts we have in those multi-year numbers that were in the budget did anticipate that there would be some growth in specific areas. The federal money that's coming in is certainly going to help pay for some of the growth that was contemplated.

What we're looking at is working with the Ministry of Health over the next little while to determine how those expenditure limits that were printed in the budget are going to go up. We're just determining, with regard to the strings that are on that money, exactly how to recalibrate the ministry's spending plans, if you will.

But again, we go back to the fact that all of the incremental money that is going through the Canada health transfer is going to be spent in the Ministry of Health and on health care.

Mr Phil McNeely (Ottawa-Orléans): Minister, there are billions of dollars' worth of infrastructure in this province and the municipalities and billions of dollars' worth of maintenance needed for that infrastructure. Rozanski identified I believe \$2 billion just in schools. In the Legislature, the former Minister of Transportation brought up that there are over 1,000 unsafe bridges in this province, I believe. I believe those bridges were unsafe prior to October 2003.

So we've had asset-burn going on in the municipalities and, I think, at the provincial level for years—schools, hospitals, energy. You've brought in a new program, the

Ontario Strategic Infrastructure Financing Authority. How will this help municipalities stop their asset-burn, because they have not been keeping up with maintenance of their assets?

Hon Mr Sorbara: I want to thank my friend for the question. I want to say, by way of introduction, that the renewal of this province's infrastructure in the very smallest of communities and in the big city of Toronto is a very high priority for me. That's why it received specific attention in the budget, and I think we're making some progress.

The importance of these infrastructure initiatives not only relates to creating a better investment climate, which brings in the wealth and the job creation that will feed us over the next 10, 20 and 30 years; it also just touches the quality of life of every Ontarian. The pollsters do the polling about, "What's your top priority?", but I think, if you just got into the headspace of the people who live in the greater Toronto area, they would say, "Deal with the darn traffic, and I can cope with everything else." So we've got a lot of work to do in infrastructure renewal in the greater Toronto area.

Similarly, we've got a lot of work to do in the very smallest of communities. When I was in North Bay, I heard about a small municipality that can't repair a bridge, so that the traffic now has to travel on a 20-kilometre detour.

One of the projects that we launched in the budget was OSIFA. Folks should get to know about OSIFA. That stands for the Ontario Strategic Infrastructure Financing Authority. It will be one, but not the only, vehicle that we use to help municipalities deal with the challenges of financing infrastructure and infrastructure renewal.

I'm going to ask Bill Ralph, the chief executive officer of OSIFA, to give you just a few more details, if I could.

Mr Bill Ralph: Thank you, Minister. As the minister said, OSIFA was created in the 2004 budget to assist public sector institutions in building strong communities across the province. Historically, the high cost of long-term financing has been an obstacle with respect to infrastructure investment in the public sector. What OSIFA does is provide access to the capital markets for a large number of municipalities and other institutions that don't have access on their own.

Just by way of example, there are 445 municipalities in Ontario. Of those, only 30 municipalities have their own credit ratings and can access markets on their own, which means that the other 410-some-odd have had to rely on relatively high-cost, shorter-term bank financing. What OSIFA does is pool the requirements of the various municipalities into one large borrowing pool. OSIFA then will issue what we call infrastructure renewal bonds, which are essentially similar to provincial debentures but are issued by OSIFA as a stand-alone agency. The funding that we raise for the issuance of these bonds is then on loan to the various municipalities across the province to invest in infrastructure projects.

I should point out that the infrastructure renewal bonds are not guaranteed by the province of Ontario, so they are

not an obligation of the province of Ontario. OSIFA has a stand-alone credit rating, which we rely on to be able to access capital markets officially.

The first issue of the new infrastructure renewal bonds, we expect, will go on sale later this year. We expect that they will be extremely attractive as an investment for both large institutions, like pension funds that are looking for opportunities in infrastructure in Ontario, as well as individual investors. I think there is a notional connection there between local investors and investing in local infrastructure.

1050

As I said, we will be providing financing for a large array of municipalities to repair, as the minister was alluding to, or I think maybe the questioner was alluding to, the various bridges, drinking water systems, sewage treatment facilities, public transit facilities across the province, and, moving out over the balance of this year, we'll be including municipal long-term-care facilities and municipal social housing facilities.

So far this year, on August 20, Minister Sorbara and Minister Caplan announced the results of phase 1 of the OSIFA program, which will provide 90 municipalities in Ontario with some \$965 million in infrastructure financing. At the same time, the ministers launched round 2, which will close on October 29, so if there are any municipalities out there that are looking for infrastructure financing and haven't got their applications in yet, they should certainly be looking to get them in by the end of October. In this round, as I mentioned, we are including municipal long-term-care facilities and municipal social housing.

In the 2004 budget, Minister Sorbara indicated that the OSIFA program will be broadened over time to include various other parts of the broader public sector, including hospitals, colleges, universities, schools and affordable housing. We are working with our colleagues at finance, the Ministry of Public Infrastructure Renewal and the various relevant line ministries on how and when that expansion of the program will proceed.

There's one final comment I would make. In the budget, Minister Sorbara also invited the federal government to participate in this program by contributing either to its capital or perhaps to some sort of interest reduction program for various hardship cases. We are continuing discussions with federal staff on that. While OSIFA is viable on its own without federal participation, that kind of federal support would enhance its effectiveness.

That, in a nutshell, is how it works.

The Chair: You still have some time.

Ms Caroline Di Cocco (Sarnia-Lambton): One of the things we inherited after the election was the surprise of the deficit of this province. In the act that was presented, the Fiscal Transparency and Accountability Act, I'd like you, if you could—because the people of Ontario are really sick and tired of these games, the games that governments play prior to an election. It's about withholding information that's a bitter pill to swallow. One of the things that amazed me was the last

fiscal update that was provided by Janet Ecker just a couple of weeks prior to the election. That kind of practice of government being allowed to fudge the numbers any way they see fit is something that certainly has to be stopped. I'd like you, if you could, Minister, to speak to the whole notion of both transparency and accountability when it comes to the fiscal situation of the province and how we're going to move that forward.

Hon Mr Sorbara: I think it's a great question, particularly because, amongst all of the discussion and response to the May 18 budget, I don't think very much attention has been given at all to the Fiscal Transparency and Accountability Act, which was introduced as part of the budget bill package. I think, quietly and effectively, this act, down the road for the next 25 years in Ontario's public life, will have a very positive impact to improve the quality of our politics and of public administration.

Central to the act is a requirement, six months before an election, for the government to put before the public financial statements that have been commented on by the Provincial Auditor so that during the election campaign each of the political parties is working from the same information base. That is going to be a tremendous benefit. You remember that during the last election campaign, all the debate was whose figures were accurate.

In the Magna budget, it was projected that wages and salaries would grow by 6%. In actual fact, the financial statements that were released a week ago last Monday show that during that year they grew by 2.8%, and the 6% was a wildly optimistic projection. The budget proposed that there would be revenues from asset sales of I think \$2.2 billion. In effect, the only major asset sale that took place under the previous administration was the sale of Teranet, which the minister of the day announced was sold for \$370 million, but when the Provincial Auditor signed off on the financial statements, the actual net revenue of the province's 50% interest in Teranet was \$126 million. I just bring those up as examples, because it's the battle of the numbers.

Under the Fiscal Transparency and Accountability Act, the government will be required to put financial statements before the public six months before an election. And remember, we have now fixed the date of elections in Ontario. No more having elections when it's convenient for the government; that's over in Ontario. Six months before the election, financial statements that carry the opinion of the Provincial Auditor have to be placed before the public. That will be the basis upon which political parties can present options, can present proposals. But the good news is that they all have to work from the same rule book.

There are a few other elements to this act, including regular reporting. I'm going to ask Gabe Sékaly to comment on those components of what we lovingly call "fitah"—FTAA—in the Ministry of Finance.

Mr Sékaly: The Fiscal Transparency and Accountability Act, which the government tabled as part of its budget, is a trend right around the world in terms of greater transparency to the public, which then leads, ob-

viously, to greater accountability. The more transparent you are, the more you enhance accountability.

As the minister stated, one of the key components in the legislation is a pre-election report, which would lay out for the public the finances of the province and the projections the government has in terms of its budget. That report, which would be termed a pre-election report, would be opined upon or commented on by the Provincial Auditor. He or she—because I understand there's a search for the new auditor—would comment on the validity of the assumptions that the government has put forward in their pre-election report.

I just want to correct one thing. The timing of the pre-election report is to be done by regulation. We are in discussions with the auditor, because obviously they have to be comfortable in terms of their ability to comment on that. It's likely to be between three and six months prior to the election, but we do have to consult with the auditor exactly on that timing and his ability to perform that work. Between now and 2007, we will be working with the auditor to finalize all the arrangements on that.

I would also like to say that these kinds of pre-election reports are done in a couple of other jurisdictions. Australia and New Zealand are two jurisdictions that do have this kind of report.

1100

The Fiscal Transparency and Accountability Act also has a number of other measures that enhance accountability beyond the pre-election report, some of which we have already put forward in the last budget as well as the public accounts that came out a week ago. That included a multi-year fiscal framework, providing multi-year numbers on both expenditures and revenue to the public, and it included information on risks. In both the budget and the public accounts, there's quite an extensive description of risks to the fiscal situation of the province on both revenue and expenditures. That provides the public with additional information to understand how things can happen in terms of government and gives them a greater understanding of how the government is spending their money.

We're also looking at improved quarterly finances and legislating the timing of when those updates are provided to the public and other measures that are going to improve accountability and transparency. As I said, that is part of a trend around the world. I think this legislation, compared to other pieces of legislation around the world, is quite advanced. We did look at other jurisdictions. We looked at the OECD and the IMF best practices in designing this legislation to make sure it was one of the best in the world in terms of enhancing accountability and transparency so that you, as legislators, could do your job more effectively.

The Chair: Thank you very much, Mr Sékaly. I'd now like to recognize Mr Flaherty for 15 minutes.

Mr Flaherty: Thank you, Chair. Minister, with respect to this 60-page document that the Information and Privacy Commissioner ordered the government to release today, October 4, 2004, is it your recollection that you have not seen the document?

Hon Mr Sorbara: That's right. I haven't seen the document.

Mr Flaherty: Who instructed your officials to fight the application for freedom of information that the document be released? Because your ministry fought against the release of the document.

Hon Mr Sorbara: No one.

Mr Flaherty: No one? No one gave instructions to the people at the ministry? Is that the way you run your ministry, Minister, that no one gives instructions, that people go do what they want?

Hon Mr Sorbara: On the matter of the question as to whether or not this document came within the purview of the Freedom of Information and Protection of Privacy Act, no one whom I am aware of, and certainly not me, gave any instruction whatsoever. The ministry simply dealt with the application in the normal course. I have not seen the document. I should tell you that it was prepared under a previous administration, your administration. I wouldn't comment further on it, because I've never seen it.

Mr Flaherty: You have your ministry officials with you, sir. They took the position that the 60-page document was exempt from freedom of information due to cabinet confidentiality, among other reasons. So this, I take it, according to your own ministry, is a cabinet document. Are you still saying you have not seen it, as a member of cabinet?

Hon Mr Sorbara: I will tell my friend that it was prepared before the McGuinty administration was sworn into office. Other than that, just let me leave it to the deputy minister, because it was the ministry that responded to the freedom of information request. I'll turn it over to Deputy Colin Andersen.

Mr Andersen: The document that is being discussed was one that was part of the preparations that civil servants do in any election. The work began on the document in question before the election started. Essentially, there was work done to compile and track a list of initiatives from all of the various parties. Any of the costing work, which is what you're alluding to, didn't actually take place until after the election outcome had happened, so during the month of October was when the significant amount of work was done on the actual costing of the initiatives.

In terms of some of what we had been talking about, the FOI process with regard to the treatment of that information, we do believe that there are sound legal principles related to budget secrecy and cabinet confidentiality that could have been used to argue against the disclosure of this document in further legal proceedings. We have, however, made the decision to release the document. It wasn't a document that actually went into the cabinet decision-making stream, if you will. It was prepared in anticipation of an incoming administration and the fact that the civil service has to be ready to go when the new government comes in.

Mr Flaherty: Deputy, to whom was the report delivered?

Mr Andersen: I don't think the report was actually delivered to anybody. It was actually the creation of a volume of information, if you will. We had created a database that had been used with a common set of initiatives that all the central agencies had tracked, and then we were putting information into that. The document that you're talking about was produced from that database. So it wasn't actually delivered and no government members actually saw the document until probably the last three or four weeks.

Mr Flaherty: How can the public service and your ministry—and you're the deputy—take the position that the document is subject to cabinet confidentiality when it is not a cabinet document? Either it is or it isn't.

Mr Andersen: The information in it is the kind of information that can find its way into cabinet submissions, the budget process and the like. It's well established that there are a number of options, costings, developed as part of the budget process and the cabinet process, and the premature disclosure of some of those kinds of things can actually jeopardize some of the underlying principles of the budget. While the document itself didn't actually end up being tabled at cabinet, the information in it, because it was comprehensive in nature and cut across a number of ministries, very well could have, and that's why we had maintained that there are those sound principles with regard to budget secrecy and cabinet confidentiality.

Mr Flaherty: We know it is a costing of the campaign promises made by the current Premier of Ontario. We know we had to make a freedom of information request to get it. We know the ministry fought it, and we now know that it's going to be released at 11:25 am, in a few moments, despite the efforts by the government to keep it confidential, secret—yes, that's right, secret—from the people of Ontario under freedom of information. Is the minister not briefed regularly on the freedom of information requests to the Ministry of Finance? Because I was.

Mr Andersen: While we do hold the freedom of information act in high regard and take requests very seriously, there is no political direction we're given with regard to individual items that come forward. We do have them work through the due course. For example, we generally don't know who is making the requests. When it gets to the stage where we know that items are going to go out into the public domain, then naturally we brief the minister on the pieces of information that are going to go out there in anticipation of the fact he may have to respond publicly to that content.

Mr Flaherty: Deputy, is the current minister not told on a regular basis what freedom of information requests have been made to the Ministry of Finance and the position that is proposed to be adopted by the ministry?

Mr Andersen: Like every ministry, we have a freedom of information coordinator who works with the staff in the ministry, when a request comes in, to review those, and they work their way through the process. So no, it's not actually the case that for every request that comes in, the minister is informed of it.

Hon Mr Sorbara: Probably my friend, when he was finance minister, considered the freedom of information act as a political forum. I don't take that view, I tell my friend. Therefore, I am not briefed about what requests have come in, because I think it would be inappropriate for me to comment on them. There is a process, a quasi-judicial process, to determine which requests should be met and which should not. During your time, you may have interfered. You probably did interfere in every single request. You probably took up all your time—

Mr Flaherty: You're talking nonsense.

Hon Mr Sorbara: —considering your briefings on freedom of information. My view is that the ministry can handle those requests and will handle them subject to the law, not subject to political considerations.

1110

Mr Flaherty: So it was your idea, Deputy, I gather, not the minister's idea, that you would cost all the promises and then not disclose it to the public—or the new government, I gather.

Mr Andersen: Well, for one thing, I came back to the ministry in February. The majority of the information that went into this document was created in the month of October.

Again, I'll go back to the fact that when there is a transition of government, civil servants have the responsibility and the obligation to be prepared for when the new government takes power. To that effect, we had looked at the platform and begun the gathering of some information. That was based on the contents of the platform itself and publicly available information and, in some cases, consulting with the ministries that were responsible for particular initiatives. It was not done in consultation with the incoming government. It was created based on very preliminary information, if you will, and it didn't go through a rigorous signoff process by deputies or ADMs or the like, and likewise it didn't go through the rigour of the cabinet submission process either, which obviously involves a much more detailed examination of design details and options and that kind of thing.

I just go back to the fact that it's part of getting ready for a transition to government.

Mr Flaherty: Did you give it to the transition team?

Mr Andersen: No.

Mr Flaherty: So you kept it in your office?

Mr Andersen: Again, I wasn't in the Ministry of Finance. I was in Cabinet Office at the time, so I was involved in the transition process. The Ministry of Finance would use that kind of information in developing the transition materials, but this particular document was not provided, I am told, to any political officials.

Mr Flaherty: Was the costing information in the document provided to the transition team?

Mr Andersen: Not that I'm aware of.

Mr Flaherty: All right. Can you find out and let us know, since you weren't there at the time, Deputy?

Mr Andersen: I'll ask the associate deputy minister, who was in the ministry at the time.

Mr Sékaly: No, this document was not provided to the transition team and it was not provided to any minister. That's it.

Mr Flaherty: My question was, was the costing information provided to the transition team?

Mr Sékaly: No.

Mr Flaherty: Was any information from the document used with any of the political people?

Mr Sékaly: No.

Mr Flaherty: So this is a document that was created by the Ministry of Finance that the Ministry of Finance, without the authority of the minister, decided on its own to refuse to produce to the people of Ontario under the Freedom of Information and Protection of Privacy Act in the province. That's what we're expected to believe.

Mr Andersen: Just to clarify, in the period between the election and the incoming government, there wasn't a new Minister of Finance yet, and the material that was done was prepared in anticipation of a government coming in. When the government did come into office, then we went through the more formal process of developing their first throne speech, the cabinet agenda, working toward developing their first budget. So this document essentially ceased to be a living document, if you will, and we went into a different process. Some of the same kind of information would have been developed through that process, because obviously the initiatives were there and were put before government to consider in developing all of its particular agenda.

A platform is one of the things that a government takes into consideration when developing its fiscal plan and its first budget and fall statement and the like, but it also looks at the circumstances of the day, emerging priorities and certainly the prevailing economic and fiscal realities. As the minister has said, in the months immediately following the election, the government was dealing with looking at the fiscal situation it was faced with, which was not the same one it had contemplated.

Mr Flaherty: Thank you. We will have an opportunity to see it in a few minutes, now that we're in October 2004. This is a document prepared, I gather, more than a year ago or about one year ago, which we fought for production of. Would the minister agree that he and his deputy minister and the senior ADMs would come back to the estimates committee once we've had a chance to see this document that has the costing of the promises of the Liberal Party in it, that we have fought for production of for about a year?

Hon Mr Sorbara: First of all, let me say to my friend from Whitby-Ajax that the document was prepared while Ernie Eves was the Premier and Janet Ecker was the Minister of Finance. I became the Minister of Finance on October 23, and from that moment our planning was driven by the realities of the day, not a document prepared during a previous administration in anticipation of the possibility of the election of a Liberal government.

In direct response to your question, it would be absolutely inappropriate for me to interfere with the timing demands of the estimates committee. I certainly

will be here for the balance of the time that the estimates committee has allotted to us to consider the estimates of the Ministry of Finance. I'm sure that over the course of the next year you will have plenty of questions, in a variety of forums, on a variety of issues, but I wouldn't want to interfere with all of the demands that are before this committee and the time it has to consider the estimates of the entire government.

The Vice-Chair: The Chair recognizes Michael Prue of the NDP.

Mr Prue: I'd like to go back to these figures—they fascinate me—about health care and what people in Ontario can anticipate happening.

Hon Mr Sorbara: Mr Prue, just before you do that, you asked for some information on the Facility Association and I'll just read it into the record.

Mr Prue: Oh, perfect.

Hon Mr Sorbara: Apparently the membership in the Facility Association peaked at 225,000 insureds who were covered by the association. It is now at 165,000 and declining. The 165,000 represents 2.8% of the market.

Mr Prue: Thank you. Back to this health care, the deputy minister made a statement about \$400 million. I'm not sure exactly where that was coming from and I'd like you to clarify the \$400 million.

Mr Andersen: That's in regard to the additional money that came out of the agreement in September 2004 in Ottawa. So it's the Ontario share. We'll be getting \$825 million more in 2004-05 out of that and then \$1.2 billion in 2005-06. So when I said the year-over-year increment that's coming out of that, I'm comparing the \$1.2 billion to the \$800 million. That's the year-over-year increase, if you will.

Mr Prue: OK. It's my information or my understanding that the existing federal health increase for 2003 was \$800 million. Is that correct?

Mr Andersen: I'll have to get back to you on exactly what the increment was for 2004—you're asking for this year?

Mr Prue: For 2003.

Mr Andersen: For 2003-04 or 2004-05?

Mr Prue: Yes, 2003-04.

Mr Andersen: We'll just see if we have that information.

Mr Prue: Then the health accord was an additional \$400 million.

Mr Andersen: Well, the health accord is \$825 million over and above for 2004-05. That's why I'm just trying to clarify which year you're talking about. You previously said 2003-04.

Mr Prue: OK, let's clarify all this, because I think people have an anticipation here. How much is the health tax bringing in?

Mr Andersen: It's about \$1.6 billion this year, growing to about \$2.4 billion or \$2.6 billion for next year.

Mr Prue: So altogether we're looking at \$4 billion in increased money revenues available?

Mr Andersen: No. The health premium matures at \$2.4 billion and the—

Mr Prue: So for next year, I just want you to tell me how much extra money is going to be in the system over and above what there is this year.

Mr Andersen: In comparison to 2004-05 as the base?

Mr Prue: Yes.

1120

Mr Andersen: I don't want to add up figures on the back of an envelope here, so maybe we can endeavour to get you a table that shows all of the various component parts and the additional amount of funding, starting with the 2003-04 year, that we have public accounts for, and then additional amounts in 2004-05 and 2005-06 on the revenue side.

Mr Prue: OK. That's what I'm looking for: 2004-05 versus 2005-06. All I can see is a lot of money flowing in, an awful lot of extra money flowing in next year and the year after that in terms of the accord, in terms of the health care increase, in terms of the health tax, and that's what I'm trying to nail down. Where are we going with this? Is there \$2 billion, \$3 billion, \$4 billion? How many billions of dollars extra are there going to be for health as a result of this accord and the health tax?

Mr Andersen: The other thing I just want to point out is that it gets quite complicated because the federal government had provided some time-limited funds that come to an end during the period that you're talking about. So while there's money going in, there's also money coming out. When you look at it on a year-by-year basis, the overall increments aren't necessarily just the ones you're talking about, because we also have to consider funds that are coming to an end.

For example, there were some funds in the previous accord, from 2003, the agreement there, for some supplements which were one-time in nature. The 2003 supplement comes to an end after 2005-06, and likewise the 2004. There was some previous diagnostic medical equipment funding that had also been provided that came to an end. However, in this year's agreement there was a \$500-million one-time fund again that was added. So we have to look at all the ins and outs to be able to answer your question. I think that's why a table that shows all of that would probably be the clearest.

Mr Prue: Is it fair to say that the amount of money coming from the federal government, the additional amounts of money, is about the same as or close to the same as the amount of money that is being realized by the new health tax?

Mr Andersen: No. Certainly the health premium for 2005-06, for example, generates revenues of about \$2.4 billion. The incremental amount of money that we're getting from the federal government as a result of the meetings in Ottawa is about \$1.2 billion over and above what had been contemplated in the past.

Mr Prue: So it's about half.

Mr Andersen: In dollar figures, yes. The new incremental amount from the recent Ottawa agreement was about half. It's about \$1.2 billion.

Mr Prue: I promised a woman I met last week that I would ask the question why—the minister, I guess, is the

one who's going to have to answer this—with all of this new money becoming available, she should have to pay the health tax. Surely that should be covered from taxes she's already paid to the federal government, which you're getting back. I'm going to put the question right to you, as I promised her I would.

Hon Mr Sorbara: I think it's a fair question. No finance minister likes the reality of having to bring in any kind of new levy, whether it is specifically dedicated to health, as is the Ontario health premium, or a general tax increase.

But the way I would speak to her, if I were talking to her directly, would be that 46% of all of the money we spend operating programs in this province goes to health care. The rates of growth are very significant indeed, whether you look at the rates of growth of hospital spending or the rates of growth of drug therapy, which is, I think, at last estimate growing at a pace of about 15%. Overall costs are in the neighbourhood of 6% or 7% or 8%. That is much greater than the rate of growth of the economy.

At the same time we're looking, in health care, at some interesting new dynamics. As the Premier has said, we're looking at the baby boom generation moving into their senior years, and in the senior years we tend to consume health care costs. We tend to need more care from doctors, hospitals, home care and the like.

So the short answer, I say to Mr Prue, is that the pressures on the system demanded that we increase the base of our revenues so we could meet those demands. At the same time—and this is what my speech on Friday was all about—we've got to transform the architecture of the system, because we cannot survive in a world where the economy is growing at 3% or 4% and the demand for public services is growing at 10%. That is a recipe for some very bad news down the road.

I was asked dozens of times after the health care accord, "Is it enough money now to look at removing the Ontario health premium?" My response then, as it is now, was that we have built into the legislation on the health premium a five-year review because it is an unusual tax; it's a hybrid kind of tax. During these five years we hope to be able to transform the delivery of health care. That's the first point.

The second point is that the funds that will come to us as a result of the health accord were contemplated even as we brought in the budget that brought us the Ontario health premium—not the specific dollar amount, but we had contemplated that during the course of our next year we would be meeting with the federal government, with the provinces, and renewing their commitment to health care. At the time of the budget, we didn't know it was going to be a Liberal government in Ottawa. We didn't know it was going to be a Martin government in Ottawa; we didn't know about Mr Martin's commitment to having an accord that would cover a 10-year period, but we knew that, whoever was there and whatever the political dynamic, the provinces and the federal government needed a new arrangement. This arrangement is

good and healthy, and I congratulate the Prime Minister for having the courage to sign on the bottom line. But it does not provide all the answers and all the revenues so that the next stage is to do away with the premium. As I said, when the premium was put in place, we contemplated, even at that time, that there would be a new health accord for all provinces and the federal government.

Mr Prue: At the time of your budget, you cut chiropractic services, you cut optometrists, you cut physiotherapists and you said we couldn't afford it. Can we still not afford it with all of this extra \$1.2 billion?

Hon Mr Sorbara: I think the short answer is, we still can't afford it. These are not easy decisions. I've met with dozens of chiropractors who suggest the possibility that cutting their services will cost the health care system more. I don't agree with them. I, frankly, do not believe that people are going to stop using the services of chiropractors. That would be an inappropriate response. We need to remember that the maximum support that the Ministry of Health gave to any individual for chiropractic services in any year was \$150: a maximum of \$10 per visit to a maximum of 15 visits—more or less; it may be \$9.75, it may be \$10.25, but I'm in the right ballpark. I don't think consumers—certainly those who go to chiropractors—are going to change their behaviour. It is not pleasant, I'll tell my friend, to put that extra individual burden on those about to visit their chiropractor. It's not pleasant. There's no joy in it, but we have to make some tough decisions when one area of government is growing at a rate of 6% and 7% and 8%. Similarly for the physiotherapy.

In the area of eye care, let us remember that Ontario was the only province to publicly pay for routine eye examinations. In eliminating that, we came into conformity with the rest of the country. Not easy, not something you relish doing, but the fact is, my responsibility is to make sure we get our financial house in order. Periodically, that will mean cutting some services and, as I said during my speech on Friday, eliminating some programs.

1130

The Vice-Chair: There's just one minute left.

Mr Prue: Just to put it all in a nutshell—and tell me if I'm wrong—there are going to be billions of extra dollars from the federal government and billions of extra dollars from the health care premium, and it's anticipated that there are still going to be additional cuts to the health service and no reinstatement of those items which were cut in last year's budget. That's what people can anticipate—and no changes.

Hon Mr Sorbara: No—

Mr Prue: That's what I heard.

Hon Mr Sorbara: If that's what you heard, then I did not express myself very clearly.

I think that whoever had been elected on October 2 last year would have had to deal with increased revenues for health care. In retrospect, it's just the demands of the system.

As I said in my previous answer, the extra revenues from the federal government are not unanticipated. The

demand to bring some better financial discipline to our health care system is a reality that every health minister and every finance minister is facing right across the country. Ontario is no different than anywhere else in that regard.

The Vice-Chair: The Liberals in this round, starting with Ms Di Cocco.

Ms Di Cocco: All the members of the committee have just received this document. I had a chance to read the cover page here while Mr Prue was asking questions. I have a number of questions about this whole process, because there are so many waivers, if you want.

In the very first instance, it talks about how this "document contains very preliminary information that was gathered by the civil service during and immediately following the October 2003 election.

"Documents like this are created to allow the civil service to be in a position to begin fiscal and policy planning ... as part of the ... transition to new government."

It goes on to say, "This document is a draft document that was never completed or finalized as the government, upon assuming office, dealt with the fiscal situation and embarked upon its budgetary process to determine its priorities with that fiscal context. The assumptions contained in this document did not have the rigour of a normal budgetary review or consideration by a cabinet policy committee."

It also goes on to say, "The document never had the benefit of a vetting with the incoming government to determine the validity of the assumptions about specific platform commitments."

I'm reading this because I think that we should take this type of information in the context of what is real and what was assumed. There are a lot of assumptions made here without taking into consideration the fiscal context which the government came into.

Also, it talks about the many uncertainties that existed when this document was created, because the commitments had not even been translated into government priorities.

Again, it says here, "The reader should not add up the column for a particular year," and I'd really like an explanation of that. I'm not sure what that means, as that would assume that all of the commitments are commenced in the first year of the new government.

I also noted in this other previous document—and I'd like to know if this has ever been signed off, or was this a generalization of possibilities or probabilities rather than it being a document that could be stated as factual? I'd like an explanation.

Hon Mr Sorbara: Let me say that my friend from Sarnia has now had the benefit of reading the front page of the document. I've never seen the document, nor have I had the opportunity even to read the front page, so I'm going to ask my deputy to comment on it and to answer the questions that you raise.

Just to speak to one specific issue, I don't know how this document dealt with our commitment on two cents a litre of gas tax going to the municipalities, but I know

that we spoke about that during the campaign. After we were elected, we created a phase-in system for that so that this month, the first cent of that two cents per litre will be going to municipalities. In October of next year, that is, two years into our mandate, we will move it up to 1.5 cents. Then in the third year, the two cents a litre will be fully funded. So you can see how that has financial implications.

In the first year of our administration, that commitment didn't cost us anything because we haven't begun until the second year, and we made that clear in the budget. But again, I have no idea how that was dealt with in this document. I haven't seen the document. I don't know what analysis it has used. I know that governments tend to do this thing, civil service administrations tend to do this thing, at the time of an election. So let's turn it over to the expert, the deputy, on how the civil service does this kind of thing.

Mr Andersen: As you noted, and as the explanatory notes that are on the document point out, it should be regarded as a very preliminary background document. It's the kind of document that civil servants prepare to get ready for an incoming government. There's no political direction to do it, but it is part of our responsibility in being able to be ready to assist a new government or a returning government in preparing its first throne speech, a cabinet agenda, its fall statements, its fiscal statements, its budgets and the like.

What had happened at the time was that we were tracking commitments that were being made, so we had a list of those. Then after the election date, we actually began in earnest to go through those, item by item, and try to assign some costing. Now, that necessarily implies that there are assumptions that are made, some of which may or may not actually end up prevailing, because we're not, at that point, in discussions with the authors of the document, and, for that matter, the new government has not been sworn in. So the more rigorous process of working with them to develop the fiscal plan and the like hasn't begun.

When the government is sworn in, obviously the platform is one of the many things that it looks at in consideration, developing the budget and the like. As I had said earlier, they have to look at the circumstances of the day, emerging priorities, and certainly the prevailing economic situation and the fiscal realities that they're faced with. So ultimately, I think the document that's the most relevant expression of the costing of initiatives is the budget, when it finally comes out, because it takes all of those various factors into consideration.

That being said, this particular document, as you noted and as the explanatory notes point out, was never a document that was finalized. It never went through any sign-off process, so deputies, ADMs, directors and any ministries did not actually sign off on the information that's in there. Likewise, it hadn't gone through the rigour of a cabinet submission process. It was contemplated that this information might eventually, as a starting point, go into that particular process, but with this document per se, that didn't happen.

When you do go through the rigour of either a sign-off process or a submission process, you're necessarily looking in more detail at each of the initiatives, particular options that might be contemplated, timing of those initiatives, because not every initiative kicks off right off the bat in the first year. Most of the information that was put into this document was compiled before the end of October. So the incoming administration had only been in government for a week, by the end of the month, obviously, and most of the information was being put in in the run-up to that.

As to your question about whether or not the columns could be totalled, I'd actually say that that would be a meaningless exercise and it would actually be wrong to do so. That's why this document doesn't add up any of the columns, because when you go through it, you'll see that, of the costings that are in there, there is quite a mix, a variety of types of information. In some cases, there is information that pertains to one fiscal year; in some cases, it adds up for a number of years, and in one case, there is a figure in there that actually is a 29-year total. So it would be a mix of apples and oranges to add some of those kinds of figures together.

1140

Likewise, there are capital figures and operating figures mixed in. There are some items where it was contemplated that the federal government might, in whole or in part, provide some funding, and the document does not actually distinguish where there might be funding already available in existing ministry program lines. So you cannot also interpret the costs that are in there as incremental costs, and some of the items were contemplated for a second mandate as well.

You'll see that the document is very careful to say "Year 1"; it does not specify a fiscal year. That refers to the particular year when that particular initiative might commence. So it's the first-year cost of that particular initiative. In some cases, an initiative might not start for a couple of fiscal years. We don't know what the government's intent is, necessarily, for all of the items when they're about to commence. We have to have a discussion. So the document costs things as to what a likely first-year cost might be, a second year and a mature cost, just based on some of the experience we've had with some of those kinds of programs in the past or maybe in discussions with the relevant ministries. But again, I would say that trying to add up the columns would actually be an erroneous exercise, because it would be wrong, I guess you could say, to do that just because of the mix of the type of information that's there.

Finally, I think I'll just come back, because there were people coming in and out of the room. I would say that we do believe that there are sound legal principles with regard to budget secrecy and cabinet confidentiality that could have been used to argue against the disclosure of this document and further legal proceedings, but we have decided to release it. There was certainly a lot of interest expressed by members of the House and there have been articles about it as well. It is the subject of an order and

will shortly be in the public domain, so we thought it was appropriate to bring it to this committee to have a discussion about it. Likewise, we still maintain that those principles pertain and are important principles. But the nature of this document—because it was not one that had much of a shelf life, if you will. I would say that it's almost a year old by now. We did go into a different decision-making stream with regard to helping the incoming government develop its fiscal plan, its budget and its overall agenda. For this particular document, and recognizing those particular circumstances, we feel that it's appropriate to put it out.

Ms Di Cocco: As I said, just reading the cover letter, it lends itself to such broad interpretation, and if nobody signed off on it—is this done every time a new government comes in or just after an election? Is it a normal procedure that is done?

Mr Andersen: Preparing for transitions of government is an evolving exercise. It's obviously a fundamental role that the civil service plays in a democracy like ours in ensuring a smooth transition. Costing of platforms and the like is obviously a sensitive area and the civil service regards that very carefully.

What we do do is keep an eye on the election platforms. What we did in this case, as we've done in past cases, is track the initiatives, not so much to get involved in costing them, but in being ready so that when we see the outcome of an election and we work through the transition period, we're ready to sit down with the incoming government, if there is a change, and ready with some background information. What it does is it helps us to identify the kinds of questions we're going to want to ask because platform documents and the information that's in the public domain aren't always the most detailed. In many cases, as we work our way through the process, there are different options that can be developed consistent with the commitments.

I think Ontario has been leading the way in developing the work we've been doing with regard to preparing for transition. Other jurisdictions have looked at how we've prepared ourselves. It is pretty rigorous. We want to be in a position so that when the government does take power, we're all ready to go and deal with helping to put together the next steps and help to implement the agenda of the duly elected government of the day.

Hon Mr Sorbara: Mr Chairman, could I just comment on that?

The Chair: You have one minute.

Hon Mr Sorbara: This process is by its very nature a speculative process because it has professional civil servants costing a plan without benefit of actually speaking to the people who developed the plan. If you were to speak with professional civil servants anywhere across North America, I would say, but certainly in Canada, you would see, as the deputy said, it's an evolving kind of art. On the one hand, they are discharging a responsibility; on the other hand, those who do it realize they are speculating on what might have been the details behind two or three lines in an election campaign document. Frankly,

that's why, when I heard about the document, I never asked to see it, because it was of no particular interest. What was of interest to us was getting on with the work of actually setting out a plan. That took us six months and culminated in the budget.

Ms Di Cocco: Has a document like this been tabled publicly before in Ontario?

Hon Mr Sorbara: I don't know. You'd have to ask the deputy about that.

Mr Andersen: Not that I'm aware of, no.

The Chair: Thank you for that round. I would now like to recognize Mr Flaherty.

Mr Flaherty: Minister, I take it that you are familiar with the campaign promises that were made by your party. I think you were the president of the party at the time, during the course of the election campaign. Are you familiar with them?

Hon Mr Sorbara: Of course. I think you were familiar with the promises that your party made during the campaign as well. Of course. But it's a nice rhetorical introduction. Go ahead.

Mr Flaherty: Each campaign promise was highlighted by the Liberals in Liberal red in the seven issues-related booklets in their "choose change" platform. The total cost, according to Mr McGuinty, was determined; is that correct? The cost of these more than 231 promises had been determined when you were seeking the confidence of the people of Ontario.

Hon Mr Sorbara: I think you are referring to a part of the campaign which set out a costing element. That's right.

Mr Flaherty: Was Mr McGuinty correct when he said, when he was running for Premier, that the total cost was \$5.9 billion?

Hon Mr Sorbara: OK, Mr Flaherty, let us get back to the subject at hand.

Mr Flaherty: Yes. How much did the promises cost?

Hon Mr Sorbara: No, no. You have been around this place too long not to know that this committee has a responsibility to examine the estimates of the Ministry of Finance. Those estimates have been tabled and, as part of the committee process, there have been questions raised on a document prepared by the Ministry of Finance. But this committee's job is frankly not, never has been, never will be, to review the campaign commitments made by your party, by the party of Mr Prue or by our party. Let's stick with the estimates and the documents at hand.

1150

Mr Flaherty: I think the Chair actually is responsible for the conduct of the committee, Mr Sorbara, not you.

I asked you about the commitment by your leader, who is now the Premier, that these promises had been fully costed at \$5.9 billion. Now we have a document from your ministry. What is the cost, according to this document, of all of these promises? What's the total—not year 1, year 2, but the whole thing?

Hon Mr Sorbara: I haven't read the document.

Mr Flaherty: Your deputy is right beside you.

Hon Mr Sorbara: I think the deputy answered that question for Ms Di Cocco but I'm sure he would be interested in answering it again for you.

Mr Flaherty: Just the total amount; I don't need year by year.

Mr Andersen: What I had said was that it would actually be wrong to add up the column totals because of the nature of the information that's in there.

Mr Flaherty: Let me take the risk.

Mr Andersen: There's a mix of one-time and multi-year—

The Chair: Deputy, can you say, just for the record, has anyone done a total in your ministry, yes or no?

Mr Andersen: I haven't seen a final total of the columns that are in there.

The Chair: So you did not instruct anyone in your ministry to do a total calculation of these?

Mr Andersen: When I asked about whether or not it would be appropriate to do totals, I was told that because of the nature of the information that's there with regard to the mix of one-time and multi-year numbers, it would actually be misleading to do that kind of thing. So if somebody were to go through and just add up the columns—that can be done—it would be information that's actually meaningless.

The Chair: Finally, who told you not to do the reconciliation because it might be misleading?

Mr Andersen: Nobody told me not to do a reconciliation. What I said was that when I had inquired, if somebody were to do that kind of an exercise, what they would glean from that information, at that point I was told that because of the type of information that's there, they would actually end up with information that would be wrong or misleading if they were to use that kind of information. So there are people—

The Chair: Thank you, Deputy. Please proceed.

Mr Flaherty: The point already has been made here by a member of the government party that this document involves estimates, and I think the minister said some speculation—I think he used the word “speculative”—and some uncertainties. Is that correct, Deputy? Is all of that so?

Mr Andersen: Yes. It was certainly based on very preliminary information and without consulting the authors of the platform. It was based on assumptions, some of which prevailed, ultimately, and some of which didn't. So I guess you could say that's speculation in some cases; it's guesstimates in others.

Mr Flaherty: Which is always so, I suppose, when one is looking at various commitments in the middle of a process, just as Mr Peters was last October, when he was asked by Mr Sorbara and others to review the middle-of-the-year spending situation and revenue situation for the government of Ontario. It's a similar kind of report, isn't it?

Mr Andersen: No, I would say not at all, because the nature of a report that is signed off by a former Provincial Auditor that has gone through a very rigorous examination with the staff in the Ministry of Finance is really

quite a different report altogether. Again I'd remind people that this was a document that was never finalized, so it was at a point in time and it was based on some initial assumptions or examinations. It didn't go through a rigorous process, so you can't hold it to the same account that you would a document like the one Erik Peters prepared.

Mr Flaherty: When you look at the budget mid-year, you're always looking at uncertainties because you're in the middle of the year. It's the nature of it, isn't it? You're looking at estimates, just as the unknown authors of this report were doing.

Mr O'Toole: Who asked for it?

Mr Flaherty: Apparently, as he already said, it wasn't asked for by anybody. It was a creation of the Ministry of Finance; is that right? Was it done on purple paper?

Mr Andersen: The document that was printed off at one point in time that became the subject of the order and the request was printed on purple paper; so yes. But as I had said before, this was an iterative exercise that was started by civil servants in anticipation of a government coming in so that we could be ready to have those initial discussions. It was to help us identify questions we might have to be able to start to talk to the government about, what the detailed intentions were with some of these, to look at how they might fit with existing ministry program lines, how they might fit in the scheduling, if you will. Not all of them were contemplated to be fully implemented in year 1. The government was coming in with a four-year mandate. So a number of these items could be sequenced over time, and that's all a matter of looking at the circumstances of the day, including what the fiscal realities were.

Mr Flaherty: In fact, the totals would be higher than the numbers that are in the document, because on page 51 and a bunch of pages after that there are a whole bunch of spending items to be determined. So there are additional sums of money that are not even included in the very substantial sums that are in this document.

When you polish something—

Mr Andersen: Likewise, I would say you could also say that some of those costs could be lower because they would have been based on assumptions that ultimately were not the ones that were intended. So they could go up or down.

Mr Flaherty: I assume this was the best effort possible by the professionals at the Ministry of Finance to cost the promises that had been made in the seven booklets by the government that was coming into power in Ontario.

Mr Andersen: No, I actually wouldn't characterize it as a best-effort document, because it was never finalized. So it never went through a signoff process, which would have put more rigour into it. It was never done in consultation with the actual authors of the document. We did have some discussions with other ministries about it, but you can't characterize it as a best-effort document until you've gone through that whole process. We had a very rigorous sign-off process.

Mr Flaherty: It was the best efforts on the basis of the available information, right?

Mr Andersen: On the basis of information, there was some of the information that was available at the time in the public domain and in the platform itself, but there are other sources of information that we did not have access to.

Mr Flaherty: Who suggested that, Deputy? What I said was that it was the best effort of the ministry based on the information that was available at the time to the ministry. Correct?

Mr Andersen: Again, I would say that it was a document that was created over a short period of time and it was never finalized. We might go back through it and spend some more time contemplating some of those kinds of things. So it didn't get sign-off by deputies, ADMs or directors, other people who might have legitimate opinions about what some of those things might mean. So again, the information was put in there but I would say that it's not fair to characterize it as a best-efforts document.

Mr Flaherty: We have a fairly sophisticated Ministry of Finance in the province of Ontario, don't we—

Mr Andersen: Sure. We do.

Mr Flaherty:—with a great deal of experience in costing government programs in every ministry across the entire breadth of the government? In fact, that's what the ministry does every year in budget preparation, isn't it?

Mr Andersen: That's correct, when it goes through the full rigour of the budget process and has the time to draw upon all of the available information that it should in coming up with final estimates for programs. Again, these were not final estimates.

Mr Flaherty: I guess you know, Deputy, now that you're at that ministry, that the ministry every year looks at every significant government program across the entire breadth of every ministry in the province of Ontario. Isn't that so?

Mr Andersen: Yes, and it's certainly an iterative process. Ministries of finance across Canada, across the world, always work with ministries in developing those kinds of estimates. So we draw upon the information and the expertise in the line ministries as well. When we're looking at initiatives, we can put costing to them, but again, you need to understand the detailed intentions that are behind them before you can assign a final costing to them. That kind of information was not available when staff were looking at putting together some of the guesstimates that are in this document.

We did subsequently work with the new government in developing its fiscal plan and the like, and going through, helping them to put together their fiscal plan in their budget, which looked at more than just a platform, but also emerging priorities of the day and the fiscal realities that we're faced with.

Mr Flaherty: The purpose of printing on purple paper is for advice to cabinet. Is that right?

Mr Andersen: Not necessarily. Printing on purple paper indicates that the document is confidential or

should be treated as confidential. In some cases it is information that's going through the budget process. So as you're aware, not every single piece of paper created for the budget process ultimately goes into cabinet. It all feeds into the budget stream and ultimately the decisions of the government with regard to its fiscal plan.

Mr Flaherty: Not every budget piece of paper is purple either. Isn't that right?

1200

Mr Andersen: Well, yes, that's probably the case. There are thousands and millions of pieces of paper that are created in the budget process, but the Ministry of Finance is very careful about keeping all of the information very confidential and secure.

Mr Flaherty: I look forward to having an opportunity to review this. I do hope the minister and the ministry will come back, because we have very limited time left and we've had to fight for a year to get this document produced. I do thank you for producing it on the deadline, as directed by the Information and Privacy Commissioner, today.

The Chair: Thank you very much. Mr Prue?

Mr Prue: I have a few questions. First of all, when did the civil servant or civil servants—I'm not sure how many were involved in this—start preparing this report? The first line says "during and immediately following the October 2003 election." When, precisely?

Mr Andersen: I don't have precise dates, but what I can tell you is that in the run-up to the election I was in Cabinet Office at the time. As part of our evolving improvements to preparing for transitions of government, whether that's for a returning government or a change of government, we have been trying to streamline the process with all the central agencies. I'm talking about Cabinet Office, Ministry of Finance and Management Board Secretariat. We had identified that a significant improvement would be for all of us to work from a common understanding of what initiatives each party was committing to. So we had decided that it would be useful to create a common electronic list that we could share amongst ourselves that would quote from the relevant documents, whether it was the published platforms, Web sites, that kind of thing. That work, obviously, by necessity began before the election actually started, as platforms were published and released.

The next natural thing to do would be to start putting in some costings for those kinds of things or looking at any other kinds of considerations that might be relevant for each of those. We had had discussions about the appropriate time to start that in detail because of the sensitivity of that kind of exercise. It was determined that it was most appropriate to not have detailed work done on that in advance of the election but to have the detailed analysis on that happen once we knew the outcome.

Ministries, of course, by their nature familiarize themselves with what the platforms are, but there were not detailed costings compiled or submitted until after the election. I believe that roughly a week after the election was when most of the work had happened with regard to

the Ministry of Finance, and three quarters or more of that work was actually done before the end of the month of October. There were a few minor updates that happened after the end of October.

You'll see that in some cases there are ministry acronyms that reflected the new ministry structure but in some cases there are ministry acronyms that reflect the structure under the previous government. I think that speaks to the fact that the document had a shelf life for a period that it was actively being worked on. Then it just faded away with regard to being a living document.

Mr Prue: From what you have just said, minus the costing analysis, which you did after the election, there must be a similar document for both the NDP and the Conservatives that outlined all of their promises.

Mr Andersen: The documents that exist for those—we obviously didn't do a costing for those parties after we knew the—

Mr Prue: But a similar document, without costing, would exist for both of the other parties as well?

Mr Andersen: Yes.

Mr Prue: Can that be produced?

Mr Andersen: Yes. It was a common listing, so I wouldn't see why that document couldn't be produced. It's just a listing of initiatives, with no other information beyond it. I think Cabinet Office would probably be the appropriate spot to direct that request, as the keeper of all the transition materials.

Mr Prue: So cabinet would have got the same document on the other parties, minus the costing, but would not have got their own?

Mr Andersen: No. As we said earlier, these documents were not actually presented to any cabinet—the previous government or the incoming government. It was an exercise that was undertaken by the civil service to get ready for whatever outcome the election might have.

Early on, we had begun to make sure that we at least had a common understanding of the initiatives each party was committing to. Basically, it's a list of initiatives. It takes the quotes from the relevant documents—in some cases, it's published platforms; in some cases, it's Web sites, news releases, interviews with editorial boards, the debates and those kinds of things—where we are reasonably confident that that was in fact a commitment. Then, because of the nature of this exercise, we wanted to make sure that all of the central agencies, and ultimately the ministries, were using the same source documents with the same wording, if you will.

The day after the election, the list that pertained to the Liberal Party—the same list that you see in this document—was provided to all the ministries so that they also had the same common source document. But again, that was just a list of the initiatives. It didn't have any further analytical background behind it, because that was what was undertaken in the month of October subsequent to the election.

Mr Prue: From what you have told us, we know that the document was more or less finalized toward the end of October, following the election.

Mr Andersen: Again, I would say it was not finalized. The bulk of the input into the work was done before the end of the month of October. But again, it wasn't the kind of document that was ever finalized, because once the government assumed office, we went into the more formal process of developing a fiscal plan with them—looking at the existing fiscal situation and the like.

Mr Prue: I should choose my words more carefully, obviously.

The document we have in front of us, minus the front page, which I'm going to deal with in a minute, is that in exactly the form as it existed at the end of last October?

Mr Andersen: What you'll see in the document you have in front of you is that on the left-hand side—the title is Estimated Costs for Initiatives - October 2003—that document is in exactly the same order as the document which was the subject of the request and the order of the assistant commissioner.

What we have done is add some additional information on the right-hand side, which gives for each of those items basically a status report with regard to how they played out in the budget. What some of those explanatory comments might have done was change some of the pagination, because some of the comments are a little bit longer than the corresponding items. So the document that people refer to as “the 60-page document”—that's exactly the same as you see on the left-hand side of the page here. But this document is a little lengthier because of the addition of some of that additional information. Nothing has been changed in the information on the left-hand side of the page from the document that was the subject of the request.

Mr Prue: I was a civil servant for 20 years, and I can't say I ever prepared anything quite like this, but why would the staff in your ministry comment on and update in October 2004 a document which had never gone to cabinet, which, by your own statements, was not being used, which was—just go right down the whole first page. Why would they update a document that was, as you're saying, irrelevant?

Mr Andersen: What I would say is that we're not commenting on the document per se. What we are doing is providing an update on each of the individual items that are there—

Mr Prue: Why?

Mr Andersen:—with regard to providing information that is what ultimately came to pass in the budget.

So the information that is on the right-hand side of these pages is actually the correct information or the relevant information that the public should be aware of. I think you would see that substantial progress has actually been made on a number of the items that are in here. So to have some of the earlier guesstimates or information that's there without benefit of being able to indicate what actually came to pass—we felt it was probably most appropriate to have that information available as well.

1210

Mr Prue: OK. So it was done for our benefit today or for the benefit of those reading it today?

Mr Andersen: Well, as a document that we knew was ultimately going to make it out into the public domain, it was felt it was probably a good idea to have that kind of information available.

Mr Prue: So this is sort of editorializing on behalf of—

Mr Andersen: No, it's not editorializing at all; it's factual comments. As you see, what it does is quote from news releases and the budget documents that are there with regard to individual items that are there. It's not commenting on the existing document; it's just providing an update for the initiatives that are detailed there, what their current status is.

Mr Prue: When was the front page prepared?

Mr Andersen: Yesterday.

Mr Prue: Why was it prepared?

Mr Andersen: Again, we felt we needed to point out to people, whoever the reader of the document might be, that they have to exercise some caution in interpreting the information that is in here. So we wanted to ensure that they saw all the various things I've gone through over the point of time earlier today with regard to it not being finalized and cautioning against adding up the columns, because I think when you see a document like this, there's a natural inclination to do just that. We felt it was important for people who might not be as familiar with what type of information is included in this type of document to point out that there is a mixed bag of information: operating, capital, multi-year and the rest. So there is a reason why there weren't subtotals and totals in this document. It's the kind of information that wasn't finalized, and we felt it was important that while it was being tabled here and released by the ministry, that did not mean it was an official costing of the platform.

Mr Prue: There isn't much in this document about revenues. Did you or the anonymous civil servants who created this look not only at promises but also at revenues?

Mr Andersen: As part of working with the incoming government on developing its fiscal plan and looking at the initiatives they wanted to put in place with regard to that, again, those estimates ultimately came to pass with the subsequent public documents—the fall statement and ultimately the budget.

Mr Prue: But surely the Liberals, the Conservatives, the NDP would have said where they were going to find additional revenues. Why was that not included?

Mr Andersen: Included in this particular document?

Mr Prue: Yes.

Mr Andersen: This one was focusing on the cost of expenditure initiatives. Like I said, once the government came into existence, we went into a more formalized process as part of the natural or regular fiscal planning process, which ultimately culminates in producing a budget.

Mr Prue: This appears to have been somewhat of an expensive process, I would think. How many civil servants were involved? I'm not asking for their names, because I don't want them—

Mr Andersen: I can't venture a guess necessarily. I don't know that I would say that it's an expensive process. This is, as some of the other members of the committee have pointed out, the natural kind of work the Ministry of Finance engages in all the time. It works with ministries to develop and cost initiatives. Again, it's the kind of thing where the ministry has staff who do this similar type of work with regard to looking at submissions that are coming forward from ministries or developing initiatives that get included in a budget or responding to issues of the day.

Mr Prue: Given that it never made cabinet, given that the finance minister has never seen it, given that members of the Legislature are seeing it for the first time here today, was this money well spent in preparing this? It seems to have been all for nothing except for the civil service to defend itself in the comments.

Mr Andersen: Again, I would say that it's the responsibility of civil servants as part of the transition process to get ready and to be able to turn around work on a fairly quick basis once the government has come into existence. That's more than just familiarizing ourselves with some of the material that's in the public domain; we have to have an understanding of what goes behind that. That kind of activity happened in a relatively short period of time in the month of October. As I've said before, preparing for transition is an evolving exercise. I would say that we would have been remiss as a Ministry of Finance if we had not undertaken some exercise of this sort.

Like I said, though, we did not have the opportunity to finalize that or actually have the discussions with the incoming administration. Once the new government was in place, we did go into those kinds of discussions with regard to developing their fiscal plan, the budget and the cabinet process. So we did have that benefit. If you like, you can characterize it as getting a bit of a head start on some of those kinds of discussions so that we were ready to go when the government did come into power. I would say, no, it was not an exercise that—

The Chair: Thank you, Deputy.

With the permission of the committee, we can provide Minister Sorbara with a few minutes to wrap up, and if the Liberals will yield their time. We are biting into the lunch of the significant number of employees from the Ministry of Finance who have been patiently sitting here all day, and the committee must begin health estimates at 1:30. If there is concurrence with that, I would ask the minister to briefly wrap up and then I have the votes of the estimates to approve.

Hon Mr Sorbara: Thank you, Mr Chairman. I do appreciate the time to say a few words in conclusion.

I hope the members of the committee have enjoyed these estimates as much as I have. It's my first time and, without any qualification, I certainly did enjoy them. I think it's appropriate in our democratic process that ministers and ministries be publicly held accountable for their expenditures.

I just want to say a couple of words about the marvellous uniqueness of the Ministry of Finance. It has

a variety of line functions, from collecting revenues to the oversight of insurance—Mr Prue and I had a lot of discussions about that; to the oversight of the Ontario Securities Commission, and you had an opportunity to talk with Mr Phillips about that earlier on; to the oversight of the Pension Benefits Act, which is so vital to millions of people in Ontario to give them greater certainty with their pensions; to the management of the provincial part of municipal finance through the regulation of property taxes, to the management of the community reinvestment fund, which is so important to so many municipalities, and a number of other line functions.

The ministry also has some incredibly important central agency functions. Of course, the biggest one is the responsibility, ultimately, for the presentation of the budget. I want to reiterate here how proud I was of the work that went on within the Ministry of Finance in the preparation of our first budget. That budget set out a plan to bring us back to financial health and get on with the priorities that we identified in the campaign and that now drive most of the work we do.

The ministry also has an overall responsibility for the financial management of the provincial government and, in some respects even more important than that, the economic growth of the province. We uniquely have a role to make sure that circumstances prevail in Ontario that allow our true potential and our true economic potential to be realized.

1220

The estimates themselves—the numbers in the book, the votes that we're going to take—I don't think truly portray the kind of energy that is emerging within this ministry. I should tell you that I'm particularly proud of the work that we did on insurance over the course of the past year. I'm particularly proud of some of the restructuring of municipal finance that has given some breathing space for municipalities as John Gerretsen, our Minister of Municipal Affairs, gets on with an in-depth exercise of municipal finance. And, of course, I am particularly proud of the budget.

The estimates themselves also do not reflect the quality of the energy of the thousands of people who work in this ministry and really give life to all the work we do and they do on behalf of the people of Ontario. They are truly inspired civil servants, to a person.

As I say that, I just recall that over the past week, one of the truly great civil servants in the history of this province, Ed Stewart, passed away, a man who served provincial governments for years and years as a deputy of education and then as secretary to cabinet for Mr Davis, just to take a moment to pay tribute to him.

In closing, I would like to pay a special tribute to the men and women who make up the Ministry of Finance and are the real people and the real energy and the real dynamism behind the numbers that are going to be voted on today.

In closing, I would like to thank both you, Mr Chair, and your committee, and especially the people who work for this ministry and this government. Merci beaucoup.

The Chair: Thank you very much, Minister.

As Chair, with concurrence of the committee, I will deem that the seven and a half hours of estimates of the Ministry of Finance have been completed. It's worthy of note that we started on June 22. Over five months, this is perhaps the longest estimates I've ever done in my six years as Chair.

Hon Mr Sorbara: I've been working on it every day, sir, in the interim.

The Chair: I hope we didn't keep you up at night, Minister.

I have several votes that need concurrence. Shall vote 1201 carry? All in favour? Opposed, if any? Carried.

Shall vote 1202 carry? All in favour?

Interjection.

The Chair: No, you can't interrupt the Chair in the middle of a vote. Shall vote 1202 carry? All in favour? All opposed? Carried.

Shall vote 1203 carry? All those in favour? Opposed, if any? It's carried.

Shall vote 1204 carry? All those in favour? Opposed, if any? It's carried.

Shall vote 1206 carry? All those in favour? Any opposed? It's carried.

Now, Mr O'Toole, a brief question.

Mr O'Toole: Could you point out which page of the estimates document from the Ministry of Finance that those votes are in?

The Chair: The clerk will bring that to your attention immediately.

Mr O'Toole: They're not in the ministry book.

The Chair: No, they're in the proper estimates white book.

Shall the estimates of the Ministry of Finance carry? All those in favour? Opposed, if any? It is carried.

Shall I report the estimates of the Ministry of Finance to the House? All those in favour? Opposed, if any? That is carried.

This committee is adjourned, to reconvene at 1:30.

The committee recessed from 1224 to 1334.

MINISTRY OF HEALTH AND LONG-TERM CARE

The Vice-Chair: This committee will now review the estimates of the Ministry of Health and Long-Term Care for a total of 7.5 hours. We'll begin with an up to 30-minute statement by the minister, followed by 30 minutes from the official opposition, 30 minutes from the third party and then another 30 minutes for the government or the minister to use to reply. Therefore, the remaining time of approximately 5.5 hours will be apportioned among the three parties in 15-minute segments.

Welcome, Minister.

Hon George Smitherman (Minister of Health and Long-Term Care): Thank you very much.

Mr Chair, fellow members from all sides of the House and members of the public, it's an honour to be here today before the Ontario Legislature's standing com-

mittee on estimates. It's also a pleasure. I've heard this process—estimates defence—referred to as difficult, even gruelling, but it's also the essence of democracy. It's an opportunity for members of the Legislature to hold the government accountable for its claims and its activities, and perhaps even more important than that, it's an opportunity for the government to hold itself accountable. I'm going to be mentioning accountability in health care a fair bit during my remarks here today. Perhaps it is only fitting that I should do so in the process of holding myself accountable to you. I do so with pleasure and pride.

It was one year ago this month that Premier McGuinty asked me to assume the position of Minister of Health and Long-Term Care in our new government. I accepted his offer, feeling a mixture of anticipation and trepidation. But over and above these two things I felt a sense of honour. I told him then and I tell you now I am honoured to serve in this way, particularly in this portfolio, particularly at this time.

I took over health and long-term care at what I believe was a crucial time and under what I have to tell you were difficult circumstances. I believe that our system of public health care is the best expression of Canadian values. For generations we have been able to judge ourselves as a society by the way we provide health care to our citizens, and we have always rendered a positive verdict. I believe that remains true, but the situation we inherited a year ago left me wondering if it would remain true for long. Our overall fiscal situation has been well documented and it need not be revisited in depth here. Suffice to say that with an unexpected deficit of nearly \$6 billion, not to mention unfunded liabilities like unpaid bills from previous years languishing on the books of Ontario's hospitals, we face serious challenges in the continued delivery of every service and program Ontarians rely upon, especially health care.

Beyond the normal challenges, like overcrowded emergency rooms, the previous office-holders presided over a remarkable deterioration in public health care. Long-term-care facilities were the source of unsettling concerns about the quality of care being provided to our most vulnerable citizens. We faced a shortage of nurses and doctors, almost one million Ontarians couldn't get access to a family doctor, and 134 communities were underserved for primary care. Government cuts and downloading had resulted in serious risks to public health, and warnings about these risks went unheeded. On top of all that, the system was increasingly inertia-bound, not lazy by any means but one that lacked the ability and possibly the will to change, to move. But move we immediately realized it must; change we absolutely realized it must. We were elected as a government to bring change, to effect transformation, and today I want to tell you about our transformation plan for health care, a plan that is already well underway.

To do that, I need to set the scene. The vast ministry that I oversee as minister directs the delivery of health care services to 12.3 million Ontarians. I've been heard

to say before that it's a big job but somebody's got to do it, and I'd like to take this opportunity to commend the people who do that job, the members of the Ontario public service. The OPS has a well-earned reputation for excellence around the world and the staff of the Ministry of Health and Long-Term Care are extremely dedicated to the task of helping to operate our health care system. In addition, we fund hundreds of thousands of health care workers and health care providers outside the ministry. Here is but a partial list:

Ontario has more than 21,000 doctors and more than 140,000 nurses; we have 23 regulated health professions; we fund 155 hospital corporations to the tune of more than \$11.3 billion; almost 600 long-term-care communities and homes receive over \$3.8 billion in funding; we invest \$1.2 billion in community mental health, addictions and psychiatric hospitals; we help 2.2 million people with our drug program, which pays for about 3,400 different medications on an annual budget of more than \$2.5 billion. Did I mention that health and long-term care is a vast ministry? Our budget, more than \$30 billion, amounts to nearly half of our total budget as a government. It has been growing at a rate of 8% a year for the past four years, significantly faster than the overall government operating budget. In any context, that would not likely be sustainable. In the context of a government facing enormous fiscal pressures, it is clearly not sustainable. Against the backdrop of a growing and aging population and increasing demands for new and expensive innovations, you suddenly have a picture of a system whose costs are at risk of spinning out of control.

Mr Chair, fellow members, ladies and gentlemen, that is the situation we inherited and that is the situation we have set out to change. As we approach our first anniversary as a government, we have a list of accomplishments in this regard that I am very proud to present to you today.

1340

Let me begin with Bill 8, the Commitment to the Future of Medicare Act. Seldom has a name described so perfectly the intent and the effect of a law. Bill 8 grew out of an acknowledgment that medicare needs stronger protections and needs to evolve to meet the realities of health care today. It accomplishes two absolutely fundamental things: It ensures accountability for spending public money to achieve intended results, and it protects and promotes the accessibility and quality of public health care.

Now, I warned you that I would be talking about accountability. It is the cornerstone of the relationship between government and its citizens, as well as between public institutions and the people they serve. Bill 8 embeds accountability within the fabric of medicare by adding it as the sixth principle, on top of the five in the Canada Health Act. We are the first province to enshrine accountability in this way, and I predict that we will not be the last.

We are also creating the Ontario Health Quality Council, which will report to the people of Ontario on how the

government and the health care system are performing with respect to priorities like wait times, access to family doctors and home care. The council will begin reporting next year, charting our progress as we move forward, and in so doing will absolutely ensure our accountability and the accountability of the entire system to the people whom we serve—more than 12 million Ontarians.

Bill 8's second major accomplishment is to enhance the accessibility of health care. Accessibility is a tenet of the Canada Health Act. It is the basic principle that lies at the heart of this system in which we take so much justifiable pride: the notion that every citizen, regardless of economic means, where they live, their age or ethnicity, should have access to the health care they need. If people find ways of jumping the queue, that basic principle has been betrayed. If doctors extra-bill, that basic principle has been betrayed. Bill 8 gives the ministry more tools than ever before to uncover instances of queue-jumping and extra-billing, and we will put those tools to good use.

In fact, we already have. When the American for-profit company Lifeline began trying to make inroads into Canada last month, we used the section of Bill 8 that prohibits companies from charging for insured services to convince them that it was a bad idea. There is no place in this province for that kind of "pay your way to the front of the line" health care.

One of the great mysteries of the past several years in this province has been the treatment of nurses by the previous government. This is a group of people so vital to our health care system, who do such great work and answer such a noble calling, yet their concerns were dismissed and they themselves were personally insulted by a former Premier. No surprise, then, that we have had a shortage of nurses in Ontario.

We're changing that. We have taken significant steps to restore the foundations of the nursing profession by earmarking funding specifically to create more full-time nursing positions, provide opportunities for nursing graduates to gain workplace experience, improve working conditions for nurses, and buy new safety equipment for nurses and their patients. To date, our government has invested \$89 million to improve access to full-time employment and improve working conditions for nurses in Ontario. This has resulted in the hiring of new nurses and less use of outside agency nursing services and overtime. As well, our recent long-term-care investments included \$191 million to hire new staff, including 600 nurses.

We understand that good nursing underpins health care across its whole spectrum of services. That is why we were delighted to support the Registered Nurses Association's best practice guideline project. By addressing the core issues that affect nurses in all stages of their careers, we will build a health care system that makes Ontario an employer of choice for nurses and contributes significantly to improving patient care in this province.

In addition to moving quickly to address the nursing shortage, we have taken a very important step in reducing the shortage of doctors in Ontario. This year we are in-

vesting \$26 million for training, assessing and supporting international medical graduates. Far too many qualified people have had to work as cab drivers or janitors instead of in their chosen profession, medicine, because of bureaucratic and cultural barriers to people who received their training abroad. It's a lose-lose situation that we're beginning to rectify. Our new centralized assessment system, known as IMG Ontario, opened in June of this year. It offers a streamlined process so that information, assessment, training and registration are easily accessible for qualified international medical graduates. As of last month, we had accepted 165 international medical graduates for training or assessment, compared to 90 last year. In 2005, that number will rise to 200. This means more doctors in Ontario and better care for patients. The next year also looks like a positive one, with the opening of the first class of the Northern Ontario Medical School at its campuses in Sudbury and Thunder Bay.

One of the biggest issues we have had to deal with this past year concerns our hospitals. Hospitals have been and will continue to be the anchors of our health care system, and their sustainability is of absolutely paramount importance. Unfortunately, for the past few years, Ontario hospitals have been careening down a dangerous slope toward unsustainability, and the rest of the health care system has been dragged down with them. Years of double-digit funding increases under the previous government have starved community-based health services like home care, long-term care, public health and mental health. Since taking office less than a year ago, we have invested \$385 million to clean up the hospital deficits from last year and then a further \$469 million in operating funding for this year. We have also acknowledged a further \$721 million in unpaid operating bills—another skeleton of the Harris-Eves closet. Total hospital funding is now up to \$11.3 billion. That is the single largest expenditure we have as a government.

However, we have also made it clear to our hospitals that the era of deficits followed by bailouts followed by double-digit increases, year after year after year, has come to an end. We have given our hospitals 18 months in which to get their budgets under control. That is the time period they requested. We will work closely with them in order to help them accomplish their goals, ensuring at all times that the quality of care received by patients is not threatened.

At the same time, we are working very hard to make the systemic changes necessary to ensure hospital sustainability. They've been asked to do too much for too long, and we acknowledge that. That is why we have invested hundreds of millions of dollars in community-based health care, to allow tens of thousands of patients to find the care they need in their communities and in their homes rather than in the emergency rooms of their local hospitals: 406 million new dollars in long-term care; \$103 million more for home care; \$65 million more in community mental health, which is the first across-the-board increase in 12 long years; and \$29 million in community support services. We're spending \$600 million over the next four years to build 150 family health teams,

which I'll have more to say about in a moment. We have also increased funding for community health centres and will shortly be announcing 10 new community health centre satellites.

These are unprecedented investments, and they are only the beginning. Our government has made a long-term commitment to community-based care because it will make a difference. It will make a difference to the people receiving that care and it will make a difference to the hospitals, which will see the pressure taken off their emergency rooms. They will have more staff and resources to do what they do best and what only they can do, which is provide acute care to patients who need it most.

The other obvious way to relieve strain on hospitals is to bring about an overall improvement to public health. We are bringing prevention and health protection back to the forefront of health care. We signalled our commitment to public health with the hiring of Dr Sheela Basrur as chief medical officer of health. We then increased the provincial share of public health funding by \$47.5 million this year. That's on top of a \$41.7-million strategy to revitalize our public health capacity in direct response to the Walker and Campbell reports on SARS. As well, we are launching vigorous campaigns to promote fitness and to combat smoking and childhood obesity—programs that you will be hearing more about very soon.

One of the big accomplishments of the past year is one that we can only take partial credit for, and that is the recent federal-provincial agreement on health care. Let me emphasize, however, the critical leadership role played by Premier McGuinty in bringing the deal to fruition. It is a very important deal. It signals a new era in health care, one in which we have the will and also the means to make significant progress in key areas.

That brings me to my government's transformation plan for health care in Ontario, a plan which is already well underway. It is a plan for saving our public health care system, for making it sustainable for years and generations to come. It is a plan for ensuring that all Ontarians, at all times, are able to receive the kind of quality care they need and deserve.

It begins with leadership. We have assembled a team of leaders to drive forward the implementation of our health care transformation priorities. It's our health results team. This team of seven tremendously experienced and creative people will be responsible for leading the implementation of each part of our transformation plan. They will work with other parts of the ministry, health providers, community groups and associations to get this mission accomplished for Ontario's patients. As you may have already heard, I've appointed associate deputy minister Hugh MacLeod to be our team leader. Hugh was most recently the assistant deputy minister of the ministry's acute services division, and he brings tremendous energy and a singular understanding of how Ontario's health care system operates.

1350

Two weeks ago, Premier McGuinty and I were in Ottawa announcing a major expansion of MRI services in

Ontario: nine new machines across the province, as well as three for-profit facilities that we have repatriated into the public system. That was a very important announcement. Over the next 18 months we will add about 10% MRI capacity to the system and dramatically reduce wait times across Ontario. It is but a first step.

Many of you have heard of Dr Alan Hudson. He is also a member of the health results team. Dr Hudson will be spearheading our wait-times strategy. Starting this year and over the course of our mandate, we will address wait times by increasing volumes in these priority areas: MRIs, cardiac procedures, cancer care, joint replacement and cataract surgeries.

Our investments will do the following:

Fund the nine new MRI services I just mentioned, all of which will be up and running by 2005-06;

Increase cardiac procedures by more than 36,000 by 2007-08;

Fund 9,000 additional cataract surgeries each year;

Deliver 2,300 more hip and knee replacements by 2007-08; and

By the fall of 2006, our government will have a registry on all our wait-time priorities so we will be able to mark our progress together, alongside Ontarians.

Dr Jim MacLean is another member of the health results team. Dr MacLean is going to be our lead on primary care reform. I haven't heard of an expert in the field who doesn't believe that primary care reform is the key to the sustainability of our health care system. It is also critical to the sustainability of our hospitals.

Dr MacLean is going to lead the construction of our 150 family health teams across Ontario by 2007-08. These teams will be composed of doctors, nurses, nurse practitioners, pharmacists and other health care professionals. They will provide multidisciplinary, comprehensive, front-line health care right in people's communities. They will do a much better job of helping patients navigate through the health care system, and by dramatically improving disease control and chronic disease management, they will reduce overall strain on our health care system. Because these teams will operate around the clock, hospital emergency rooms will see fewer 12-year-olds with ear infections at 2 o'clock in the morning, and I think we all know what a difference that will make. We will work with local communities and providers, including doctors, nurses and other professionals, to create our family health teams. They will be designed for communities and by communities, not imposed by Queen's Park. We will announce the first 45 of these teams this fiscal year.

The theory of family health teams is based on better integration of the system. That is the fix: a system that is better integrated, whose component parts complement and in fact improve one another. We are doing it on one level with the family health teams. We're taking it to a whole other level with local health integration networks, or LHINs. LHINs are the next logical evolution in our health care system. I use the word "evolution" very deliberately. They are evolutionary, not revolutionary.

We all know we do not have a true health care system. Health care in Ontario is more of a loose collection of services—first-rate services delivered by highly talented health professionals, but not a true system. Consider this: We have in Ontario 155 hospital corporations, 581 long-term-care homes, 42 community care access centres, 37 boards of public health, 55 community health centres, 70 community and public health labs, 353 mental health agencies and 150 addictions agencies. Taken individually, these all do great work, but taken collectively, that's the problem: They're never really taken collectively. From a bird's-eye view they're a hodgepodge of services with nothing aligning their planning and delivery. That isn't good for patients and it stifles the enormous potential locked within our public health care system.

We know that Queen's Park does not have all the answers. We know we are not the people closest to the day-to-day health care needs of Ontarians. Health care is very much a community-based activity, and we believe the best health care is found locally.

That is where LHINs come in. They're a made-in-Ontario innovation that is going to improve the integration and coordination of programs and services by ensuring there is accountability for these things at the community level. LHINs will align planning and delivery of health care along geographic boundaries that match patient referral patterns. That way, resources will be better matched to patients' health care needs than they are today. LHINs will facilitate the movement of people across the continuum of care so that they get the best care in the most appropriate setting when they need it. They will facilitate the movement of patients and they will facilitate the spread of excellence.

Let me give you an example. If one hospital or long-term-care home has a great idea, hundreds or maybe thousands of patients benefit. But if that hospital shares that great idea with every hospital and health provider, millions of Ontarians can reap the rewards of innovation. That is the medicare advantage, and we have been missing out on it. In short, LHINs are going to increase local access to health care. They're going to increase accountability and ensure an equitable distribution of services. They will preserve and build on existing integration efforts and networks. But they will not restrict patient choice and they will not require consolidation of existing provider structures.

I believe this is as brave and bold a step in health care as any government has taken in a long time. It speaks to a vision that extends well beyond the mandate of this government. It puts in place for the future a system that truly works as a system, one that is truly integrated, where the various parts work in harmony to deliver the very best quality care for patients.

I've talked about how we are going to make the system more integrated and easier for the patient to navigate. But accountability and integration depend on good information, and the systems to share that information with all members of the health care team. Health information technology has the potential to be one of the

most powerful unifying forces in our health care system, but this potential has not been harnessed. The lack of a common technology platform and information base in our system doesn't just slow things down; it seriously compromises patient care.

How many times does a patient or his or her caregiver repeat the same information to different providers at different times? We've all experienced this. It's an enormous waste of time and talent as information is recorded, processed and filed over and over again. The plain fact is that, to date, much of our health technology has been implemented in patchwork-quilt style that is clear evidence of a sheer lack of leadership. It's time for change. Gone are the days that see new technology adopted here and there but never everywhere. Also gone are the days where e-health will be treated as a dispensable expenditure. Information technology is essential to driving our transformation agenda and it is essential to health care in Ontario. What you will see in the coming year is a coordinated, rational strategy to put technology in place to power our transformation initiatives.

With new technology comes the need to protect that information. The Personal Health Information Protection Act, 2004, will help in this regard. It received royal assent on May 20, 2004, and comes into force on November 1 of this year. Protecting the privacy and confidentiality of personal health information is a priority for our government, and I'm pleased to say it's a priority for all members of the Legislature as the House passed the bill unanimously. The Personal Health Information Protection Act establishes rules for the collection, use and disclosure of personal health information. It will also provide individuals with a legislated right of access to and correction of their records of personal health information.

Finally, I would like to address some of the recent speculation about our tentative deal with the Ontario Medical Association and our attempts to improve the way in which drugs are prescribed in Ontario. As my honourable friends are aware, or should be aware given that they too have negotiated similar deals in the past, this is a tentative deal, the specifics of which I can't comment upon. But on the question of improving the way that Ontario patients are prescribed, is there anyone who is really prepared to raise a serious objection to that? There is ample evidence from any number of credible sources that overmedication is a very serious problem. This province's doctors are as anxious as we are to improve the situation because they, like we, are determined to put patients first. Suggestions to the contrary are just offensive.

In closing, let me repeat what I said at the outset: It is an honour to serve this government and the people of Ontario as Minister of Health and Long-Term Care. We're in the midst of transforming a system that proudly defines us as a great society. We've been at it a year and we've taken great strides. I've been proud to speak about some of them here today. I'm equally proud to tell you that we have both the vision and the energy to take many more great strides. Over the next three years we will

continue to move forward, integrating, strengthening and improving health care as well as ensuring its sustainability for generations to come. We have 12 million people counting on us now and untold millions of their children and grandchildren set to follow. We won't fail them. Thank you.

The Chair: Thank you very much, Minister. I believe the rotation will begin with Mr Baird.

1400

Mr John R. Baird (Nepean-Carleton): Thank you very much, Minister, for appearing before the committee today. I took great interest in your speech, particularly your line on page 6 that hospitals have been and will continue to be the anchors of our health care system. Anchors are something you throw overboard. That seems to be a pattern that I've noticed of your tenure at the ministry.

I've got the organization chart here, and whether it's the chief medical officer of health, the associate deputy minister, and then most recently with Mr Hassen, you seem to be throwing people overboard. You've become the Donald Trump of the Ontario government. That change is a concern to many of us here.

I have three issues I wanted to discuss with you as the leadoff. One is with respect to this suggestion that you called offensive, that those of us in the opposition would question and be concerned about the secret side deal that you've made with the Ontario Medical Association that was exposed recently in the Toronto Star. I've got a copy of it here.

You said that you want to improve prescription drugs and their effect on beneficiaries of the Ontario drug benefit plan. It's like calling Godzilla the Tokyo protection monster. What you're proposing, in the way I read this—and I'd like to hear your comments on it—is that physicians would look at a patient, and if they've got grey hair, if they're over 65 and they're getting drug coverage from the provincial government, they would somehow want to reduce prescription drugs and have a direct incentive to do that in terms of their own remuneration.

Minister, how can you call "offensive" the complaints or concerns that those of us in the opposition would have for frail and elderly seniors or for poor and vulnerable people?

Hon Mr Smitherman: Firstly, I used the word "anchors" many times and would be happy to show you that the first time we ever used the phrase, it was "anchor of the health care tug-of-war team." So while you chose, as is your wont, to try and use the word "anchor" in a negative way, what's very clear from prepared text in history, on my part, is that hospitals are the anchor of the tug-of-war team. As someone who has both strong legs and a low centre of gravity, and too much body weight from time to time, I've been put in that role, and I think people on my team found me to be a helpful player.

I want to say, with respect to leadership, that I'm extraordinarily proud of the direction of the Ministry of Health and of the people whom we've called upon to

play leadership roles within that ministry. I'm incredibly proud of the role Dr Basur is playing as our new chief medical officer of health. I'm very proud of the alignment of senior people within the Ministry of Health, and I think that our health results team, led by seven accomplished people, is apt demonstration of our willingness to reach for the best and the brightest and to get those from the health care system who are top-notch performers to help us in our transformation initiatives.

On the issue with respect to the overprescribing of medications to seniors, I would just begin to offer you some evidence that you're either unaware of or unwilling to accept. The first document that I'd refer to is an excerpt from the report on the health of Canadians, the federal role, by Senator Kirby. I'll just read a couple of lines, and I'll make that available to the clerk for distribution.

"Seniors are more likely to receive prescriptions for medication that are potentially inappropriate; 11% to 46% of seniors receive at least one inappropriate prescription per year.... Prescribing errors account for approximately 19% to 36% of drug-related hospital admissions. The coexistence of multiple prescribing physicians, the number of drugs currently in the market, the number of relative contraindications documented and deficiencies in physician knowledge related to both age and training are important contributors to the risk of inappropriate prescriptions."

What that helps to frame is the initiative that we have at hand. What we're looking to do in our negotiations with the Ontario Medical Association is to incent the best possible behaviours that will have the best outcomes for patients. What we're incenting Ontario doctors to do is to have the capacity to spend more time with their patients, particularly any of those patients who are involved in taking multiple medications.

I would just say to you, as someone who's heard the anecdotal evidence time and time again of individuals, friends of mine, who have gone to the home of a recently deceased person, as an example, and cleaned out their medicine chest—many people have said to me that the measurement for how much prescription medication was in those medicine chests was that they had to take it in bags to the local pharmacy. So I think it's really, really important to keep in mind that there is an extraordinary pile of documentation on the challenges related to the subject.

One other point: Doctors in the province of Ontario are highly accomplished people. We have more trust, I think, in doctors than in any other profession. They least of all are going to be involved in any action that is designed to compromise that level of trust that they have. What this is is an attempt on the part of a government and health care professionals to begin to align themselves to work to address what is one of the more significant challenges that we're facing in health care today.

Mr Baird: Minister, I make no comment with respect to the challenge, the problem, of overprescription of drugs for people in the province of Ontario. What I have

a concern with is that you made this deal in secret. You made no grand announcement of it, as you seem to be pretending to be so proud of it here today.

I have three concerns: one, that it was secret; two, that it would treat a certain class of citizens differently from others, particularly with frail and elderly seniors, whom a physician could immediately identify as being recipients of the ODB; and three, that physicians would somehow be put in an awkward position, where they would have a pecuniary interest in whether a patient received the prescription drugs. This is not to mention people who might find themselves on hard times, beyond social assistance.

In your remarks, you said that doctors are professionals and they can deal with that. Well, I read in the *Ottawa Citizen* a story by Mohammed Adam from Saturday, October 2. I'll read it to you, Minister.

"Details of the deal, obtained by the *Citizen*, were sent to doctors this week. Although many physicians were alarmed and outraged by the deal, most refused to discuss it on the record with the *Citizen*. Dr Douglas Mark, president of the Ontario Coalition of Family Physicians, says that's because the government 'can beat us up' for saying anything."

Why do you think this senior physician in the province of Ontario would be so concerned that he might get beaten up by you and your officials for speaking up on behalf of his patients?

Hon Mr Smitherman: I saw over the weekend that the very same doctor made comments, so it seems to me that he feels quite comfortable and confident to go out there and communicate it.

You like to use a certain word to characterize a negotiation and the ratification process. I think it's inappropriate. The fact of the matter is that I guess it isn't so secret, because it has been posted on the Ontario Medical Association Web site.

The point simply is this: Over the period of eight months or so, in a pretty painstaking effort, representatives of the government of the province of Ontario and the Ontario Medical Association negotiated an arrangement. Subsequent to that, the board of the Ontario Medical Association considered it and sent it out to their membership for ratification. Our point simply is that from a process standpoint, it's at the point where it's most appropriately dealt with between the membership of the Ontario Medical Association and those who, on their behalf, negotiated it and passed it through their board. I think that, frankly, the process is being followed in a fashion that it has consistently been followed.

I want to go back to a couple of points. You continue to fearmonger around the use of the word "seniors," but you seem unwilling to accept the fact that seniors, as many, many studies will demonstrate, have been on the receiving end of inappropriate medications that have often resulted—you are trying to suggest that, in targeting seniors for improvement in prescribing practices, this was without cause.

I'll just reread the first line from Senator Kirby's report from a moment ago: "Seniors are more likely to

receive prescriptions for medication that are potentially inappropriate." I think a further point that was in that quote that I read referred to "deficiencies in physician knowledge" and also the number of physicians who are multiple-prescribing.

The point here, really, is that in our arrangement with Ontario doctors, what we seek to do is purchase their time in a fashion that gives the most benefit to the patient. We're trying to shift the focus toward some of those areas where we know there's an incredibly big problem to be addressed. A former Minister of Health, who is here, I think would have heard about this quite a lot when he was there and would have seen the effect of hospitalization that's occurring because people are being inappropriately prescribed. So I do think there is a terrific public policy rationale behind this and I'm very proud that we've been able to begin to focus attention on it, because report after report has indicated that this is absolutely necessary.

1410

Mr Baird: I don't see the same enthusiasm, Minister—I'll just make some comments and then move on to another issue. I don't see the same amount of enthusiasm for going after the overprescription of others in Ontario who are perhaps not recipients of the ODB, and I think many of us are incredibly concerned. I know the reaction that George Smitherman, Sandra Pupatello, Michael Bryant and others would have had over this kind of deal had it been made by the previous government. You would have had to literally peel them off the ceiling in question period. We're concerned about this. Certainly the *Citizen's* Mohammed Adam—in talking to many physicians, many have come to the conclusion that there is a culture of fear, that people are tremendously concerned that if they speak up against you and your government there will be direct consequences. That environment didn't just develop overnight. I've heard from a substantial number of stakeholders in the health care community where you, sir, personally have quite aggressively taken them to task in heated language and given them real reason for concern that there might be a repercussion for speaking out on behalf of the people they represent. For someone like Dr Douglas Mark, a senior physician in the province of Ontario, to be concerned that he might be beaten up—and those aren't my words; those are that senior physician's words.

I do have two other areas I'd like to go into. I'd like to talk about our public hospitals in Ontario, two in particular. The Queensway Carleton Hospital, which you have visited twice, which is certainly much appreciated—we're always happy to see the Minister of Health in Nepean—has been asked some six months into the fiscal year to make do with a 0.6% budget increase.

I thought that this minister would be leading by example. If he's asking a hospital in Ontario six months into the fiscal year to get a 0.6% increase, surely he would be leading by example. But I noticed in the estimates on page 5, the ministry administration item in your budget that you presented is up by 6.89%. How do

you have one standard for administration at the Ministry of Health and another standard for public hospitals in Ontario?

You negotiate collectively the wage increases for nurses, which are certainly expected to be in the order of 3% or 4%. It's a known fact in Ontario that physicians are getting a salary increase of at least 6%, and Lord knows how many more, depending on the side deals, which are like a Christmas tree. You're expecting some people to make do with a 6% or 10% salary increase, your own leadership by example is almost 7% on administration, and then you expect a hospital like the Queensway Carleton to make do on a 0.6% budget increase or a hospital like the Ottawa Hospital, one of the biggest tertiary care centres in the province, to make do with a 1.8% budget increase. That hospital serves my constituents, and two of the campuses are located in Ottawa South, the Premier's own riding. If the Premier is not going to stand up and defend health care in his own constituency, I'm certainly going to defend it in mine and his.

How do you respond to a hospital that says you're increasing your administration budget, according to your own documents, by 6.89% and you expect a hospital six months into the fiscal year to make do with 0.6%?

Hon Mr Smitherman: First of all I'll say to the honourable member that the circumstances we inherited from your government with respect to hospitals were simply not sustainable, and that's known to everybody. I think there's a lot of evidence of it in the fact that you left behind a \$5.5-billion debt; \$721 million of unpaid operating bills from the early days of Tony Clement buried in the working capital deficits of Ontario hospitals. We inherited a culture you had helped to create which basically suggested to Ontario hospitals that at the end of the year, whatever they had spent in excess of what was allocated would be paid off. I would just challenge the honourable member to confirm that he thinks that was a sustainable situation.

What we've been able to do over the course of—

Mr Baird: [Inaudible] I'm always the defender of the public hospitals.

The Chair: Gentlemen, I'd just like to say something for the record. First of all, this is a rather unusual process that we're undertaking in this half-hour time spot and we will of course do whatever the critic wishes. However, you must go through the Chair. We must assist Hansard. In this instance we know which two individuals are now asking questions of each other, apparently. If we could just keep one on the record at a time, that would be fine.

I also want to clarify that because, if Ms Martel wishes to use her half-hour in the traditional method of simply stating her concerns for the record, I don't want it to appear on television that she's somehow not engaged with the minister. So I just want to put that on the record.

Mr Baird: So you're going to defend your 7% increase on administration, when my hospital gets the short end.

Hon Mr Smitherman: Apparently he's following your rules, Mr Chair.

The issue with respect to Ontario hospitals that we inherited is well known to everyone in Ontario. Shortly after taking office, we found \$385 million to deal with their budget deficits of last year. I sent very strong signals before the beginning of this fiscal year that the kind of activity associated with that practice of the previous government would not become the practice of our government. I sent a very strong message on February 24, and addressed to the Economic Club of Toronto at the Park Plaza Hotel, that the era of double-digit increases was over. This was an appropriate amount of notice to Ontario hospitals about the new realities.

Inherent in this is a change in strategy for sure that instead of being a government which focused only on hospitals at the extraordinary demise of community-based care, we're a government that has moved forward with significant investments across the breadth of the health care system, with many of those areas which are essential to taking pressure off our hospitals receiving increases, in many cases, for the first time in more than a decade. A 4.3% total funding allocation for Ontario hospitals, totalling \$469.5 million, in addition to the \$385 million that we advanced shortly after becoming a government is a very impressive amount of money to have advanced in less than a year.

In addition, what I'd like to comment on is the assertion by the honourable member about what his expectations are for salaries. I'll send this message very clearly, as the Premier has on many occasions, as the Chair of Management Board has on many occasions, as the Minister of Finance has on many occasions and as I have on many occasions: The levels of salary increases that were raised in the question are not appropriate numbers to be discussed in the current environment. It's an era of restraint. That message has been sent very clearly.

I would just caution the member, before these negotiations have taken place between two parties, that the outcome of these is essential in terms of our ability to continue to make progress on issues, including, as an example, 70% full-time opportunities for nurses—another example of a failed policy of the previous government.

Mr Baird: I got no response about your estimates for ministry administration—your title, not mine—of \$167 million, up from \$155 million, a 7% increase. That's leadership by example, where you are increasing your administration expenses at your own hospital.

Frankly, Minister, I think we've got to send a hospital turnaround team into your office and your ministry. Perhaps some of these people you're beating up publicly and privately in the fiscal fire that you've created in Ontario's public hospitals should come into your ministry and tell you how to run it more efficiently, because I'll tell you, a 6.89% increase on administration does not fit into the culture you're trying to generate out there for other hospitals in Ontario.

When you go into a hospital six months into the fiscal year knowing that they have to give six months' notice

for a layoff and expect that they can do that, at the same time not cut services, at the same time protect the priority list that you have established and reduce waiting lists, is laughable. It's absolutely laughable.

1420

Minister, I can tell you that the official opposition—the Conservative Party—and our leader, John Tory, will not rest until you have funded our hospitals appropriately. You say very smugly that that practice is over, that there will be no more. Minister, you will eat those words, because by the end of this fiscal year you will have no option, no alternative, but to adequately fund our public hospitals.

If you talk to anyone, either in Ottawa or in your ministry, I was consistently a strong proponent of proper funding for our public hospitals. It is immoral to say to someone, halfway through the fiscal year, "You'll get a 0.6% budget increase." The Queensway Carleton Hospital asked—begged—for an operational review, and when that operational review, appointed by your ministry, went in, we had to give them \$13 million, because it proved that they're one of the most efficient hospitals in the province. I make an example of the Ottawa Hospital and the Queensway Carleton Hospital—and I will consistently, here and in the Legislature—to hold you to account that these hospitals cannot make do six months into the fiscal year, and that you will eat those words that you will not rescue them. You have pushed them in front of a bus six months into the fiscal year and you'll have to come to their rescue because you have no alternative. You, sir, created this crisis.

I do have one final question before I turn it over to my colleague Jim Wilson, or a final issue that I'll raise, which we will want to talk about more. It's with respect to the hep-C announcement you made on Friday. It was always my clear expectation, the clear expectation of the victims and the clear expectation of all of us in the previous government that all those funds would go to support the victims. That will be something which we continue to fight for. I refer to the story by Rob Ferguson on hep-C in Saturday's *Star*. We'll come back to that in the future.

I'll turn it over to my colleague Jim Wilson, one of the best Ministers of Health this province has ever had.

Mr Jim Wilson (Simcoe-Grey): Thank you, Minister, for being here today. I just have a couple of constituency matters that I promised my constituents I'd put on the record and ask for your assistance personally. I'll give you a copy here.

A lady in my riding is writing on behalf of her aunt, Muriel Robertson. I do have the patient's permission to use her name. You'll see it's a letter to Mr Tom Closson, chief executive officer of Toronto Western Hospital—"University Health Network," it should read—October 10, 2003. So it has been in the unsolved pile for a while. It says:

"Dear Mr Closson:

"I am writing on behalf of my aunt, Muriel Robertson. Aunt Muriel had an appointment to see Dr Rootman at

the Western Hospital on October 7, 2003. My Aunt Muriel requires a cornea transplant.

"Dr Rootman advised me that he could operate and that my aunt would have significantly improved sight. It turns out, however, that Dr Rootman has a waiting list of over 100 patients who require the same operation. I was further surprised to learn that the time he has available in the operating room has been cut back and he has only two or three hours per week. The result of all this is that it appears as though my Aunt Muriel is going to have to wait up to two years to have this operation.

"I find this to be incredibly unacceptable. My Aunt Muriel (and I suspect several of the people of the 100 people on the waiting list) live without financial aid from the government. With impaired eyesight, government assistance may now be required. It strikes me that there is a significant misallocation of resources and the government and the hospitals may in fact be saving money if they provided resources to their doctors to do their job.

"I am hoping to hear from you as to what plan you have so that my aunt does not have to wait two years for this type of basic health service."

That's by Mrs Mary Lou Brown.

I've talked to Mrs Brown on a few occasions, trying to get this solved. It just seems an inordinate amount of time. Apparently Aunt Muriel's health is good otherwise, if she could just get her cornea transplant.

I've got three other ones in my office. Every time we ask a question of the University Health Network, in particular Mrs Sharon Rogers, who is the director of patient relations or the hospital Ombudsman—I guess she has a very difficult time. She does reiterate, in her response of October 21, 2003, back to Mrs Brown, that they've been forced to reduce funding to some programs, that cornea transplants and operating time are a serious issue and that they have less time this year than last year. I talked to them again recently, and the situation is getting worse.

I would ask you to look into this particular case to see if there's a way to get more operating time or perhaps more money. I don't know if cornea transplants are a protected area in the hospital budget; I suspect they're not. You mentioned cardiacs in your remarks this afternoon, but there's a heck of a lineup there for cornea transplants. It's not a tissue issue. As you know, that's not a tissue that has any blood vessels in it, so it's not rejected. I'd just ask you to look into that.

I also wrote you a letter this year. It will be a year since Mrs Brown has been writing back and forth, trying to get services for her aunt. She is told it might be another two years, and that's quite unacceptable for this elderly lady.

Finally—how much time is left, Mr Chairman?

The Chair: You have a couple of more minutes and then I'd like to keep two minutes to put a question.

Mr Wilson: OK, really quickly then. I'll give you a copy of this, Minister. Ruth Madill just wrote me quite recently. It's not an issue that I was aware of, and perhaps you'd like to comment on it. She has quite a lengthy

letter here. She wants to know why anyone would decide to remove bedrails from bedridden patients. She claims that for some reason the local facilities aren't able to determine the appropriate use of bedrails for chronic care patients. She believes it's being dictated by Queen's Park. She also goes on to say in the letter, which I'll give to you, that we need more long-term-care beds. "We have no long-term-care beds in Wasaga Beach." She goes on to say, "There are some in the area, like Stayner and Collingwood. Wasaga Beach has a population of over 14,000 and on long weekends we go up to 100,000 and sometimes much more." I'd like you to respond to Mrs Madill's letter also. Have you got any comment on the removal of bedrails on chronic care beds?

Hon Mr Smitherman: My comment would be that I'm not sure that's a ministry policy. I'd like to get a copy of it. I'm pleased to tell you that we've supported the work of the RNAO around best practices and the like. We really think it's critically important that we depend upon the nursing profession to tell us what works best and what doesn't.

On the issue of safety equipment for both patients and nurses, I'm proud to say we invested \$14 million this year in expanding the very kind of practical devices, like ceiling-mounted bed lifts, that are so essential to good quality care, especially in hospital environments and especially for patients whose health needs tend to be more chronic. But I'd want to look into that a bit further and endeavour to get back to the member.

Similarly with the other case, no one can be satisfied any time someone is being forced to wait too long. That's why we're working on a very aggressive wait-time strategy.

With respect to transplant, I'm not sure if it covers the type of transplant that your constituent was dealing with, but we have funded 425 additional transplants this year. University Health Network, of course, is a key hospital for the provision of those transplants. I'm hoping that might have some benefit, but again, I need to look into that a bit more closely.

The Chair: Minister, it's not customary for the Chair to ask questions, but since I have responsibilities for some of your portfolio, instead of me flipping in and out of the chair, might I take the last two minutes and just put a couple of questions for your consideration during the course of the estimates.

I want to revisit the issue around seniors overmedication. I think we universally agree that the fact that Ontario seniors are the most overmedicated group of citizens on the face of the earth is of great concern to us. However, my research into this issue has led me in a couple of areas, some of which you're already pursuing.

At the outset, I want to say that I think the fact that this is a negotiated item within the framework of a collective agreement with doctors under a certain veil of secrecy is not helpful to the public debate, nor does it particularly equip you with the kinds of consultations with the very seniors in this province whom we are purporting to help.

Having said that, prescribing guidelines is something the OMA has historically rejected. It is a form of accountability with litigious potential for the environment in which they work, which is difficult enough. Prescribing guidelines have been implemented in New Brunswick very successfully as an instrument of greater health outcomes and of lowering costs of drug medications. It does take more time, and I'm pleased you've noted that that is essentially the issue for seniors: to have more time with their physician. That leads me to my second question, the first being, are you looking at all-encompassing prescribing guidelines or selective guidelines or are you looking at guidelines specific to doctors who overmedicate? All of that information is available.

1430

The second part of the question has to do with the compensation for geriatricians, and I would ask if you could ask your staff to get the most current numbers. When I was the minister, there were far too many geriatricians in this province—not many—who no longer practised as geriatricians because they found it unaffordable. They just couldn't earn as good an income spending the amount of time that they were trained to do. I wondered if you have put your mind around opportunities within the framework of the collective agreement with the physicians to enhance the compensation envelope for geriatricians, first, as a signal, and second, potentially to physicians generally.

As you know, in medical school doctors get less than four hours of training on geriatrics. That is woefully inadequate when we understand the fact that 60% of a patient load for any GP in this province is predominantly people over the age of 60. We have much to do in this area and I wondered if during the course of your response or during the course of the estimates you could consider fleshing out for us if you are looking at the kinds of prescribing guidelines à la New Brunswick, and if you are looking at restoring the geriatrician position, which is an incredibly important position in the medical field, as we, as leaders, help seniors in the province.

Hon Mr Smitherman: Let me say on the first point that I appreciate your acknowledgement based on your past history and awareness of the extent to which we do have a challenge in Ontario. You've used even stronger language than me.

Our strategy on this is to develop this not just with doctors but also to work with pharmacists who are essential as front-line primary care providers. There's lots of opportunity, as I think you are well aware, in the whole drug system to engage all partners in a more co-operative way, and that's what we're going to do.

The second thing I just want to say very generally is that the agreement we have worked on with the Ontario Medical Association is designed to compensate doctors in those areas where our health care system dictates that more compensation is required. We want to renew the vitality of family practitioners and encourage family practitioners to spend time with their patients. Obviously increasingly for family practitioners, that patient load is

tending to be seniors. When we're in a position with a ratified deal, which is what I'm very hopeful for, I think people will see that that's really the way we've struck out in this agreement.

The Chair: Thank you, Minister. I'd like to acknowledge Ms Martel for her 30 minutes.

Ms Shelley Martel (Nickel Belt): I'll be using my 30 minutes for questions.

Mr Baird: Hear, hear.

Ms Martel: Thank you.

I want to thank the minister for being here and thanks to the staff who are going to be here over the next two days to answer questions for us. Minister, I want to begin with the side deal that you've signed with the OMA to pull \$200 million out of the Ontario drug benefit program, which frankly is a full frontal attack on seniors, the disabled and moms and kids who are on social assistance. I've heard you try to portray your defence of this as a health issue, that you're concerned about the overprescribing to Ontarians. If that were the case, if it were a health issue, then you would be looking at developing guidelines and measures that would affect the entire population.

The fact of the matter is, Minister, the Ontario drug programs, including ODB, cover prescription drugs for 20% of Ontario's population. The remaining 80% get their medication and coverage and everything else they need from somewhere else. So it seems that you are concerned with only that 20%, that group on ODB, over whom you can actually exert some expenditure control because you run the program. If this was really a serious health issue that you were concerned with and giving priority to, it seems to me that you would be dealing not just with the 20% who happen to be on ODB, who happen to be seniors or disabled or moms and kids on social assistance; you would be dealing with the whole population, the other 80% whom you seem to have no strategy for. Can you tell us why it is that this particular side deal impacts 20% of the population and the remaining 80% you somehow seem to have no concern with when it comes to overprescription and overprescribing medication?

Hon Mr Smitherman: Firstly, if it was simply a matter of cost containment, then I suppose our government would have adopted the strategy of Ms Martel's party when they were in government, which was to flatline the benefit of the Ontario drug benefit and not increase it despite the fact that utilization and demand was increasing.

This year alone we've put a quarter of a billion dollars of new resources into the Ontario drug benefit. I think that stands tall alongside the fact that on a per capita basis it pays out the most generous benefit to Ontarians. That's well known across the land.

I want to make the point that the member is working very, very hard, of course, to cast cynical aspersions on this. I think that is her job. But the fact of the matter is that when you look at the Ontario drug benefit—

Mr Baird: On a point of order, Mr Chair: The standing orders are very clear that you can't impugn the

motive of another member. I think this minister is imputing false and unavowed motives to the member from the third party.

The Chair: Please proceed.

Hon Mr Smitherman: I want to say very clearly that there is ample evidence in the literature that seniors as a particular population are not benefiting from current prescribing practices. They stand out as a group that is significantly impacted that way. I have already offered one quote as very clear evidence of that. I have a pile of more reports.

If what the member wants is to make a case in point which is already well known to her, that seniors' prescribing practices are, as an example, one of the primary causes of hospitalization, then I'm very prepared to do that. The point of the matter is very clear. In seeking to ensure that seniors have the best possible quality of life, we want to address what is clear, scientific, clinical-based evidence that the prescribing practices which are currently being adhered to in Ontario, as they relate to them, are not serving their interests well. The fact is that that's well known in the clinical evidence. It's well known, I think, to many of us. I used the example earlier of cleaning out a medicine chest after someone has passed on. Many, many other people have had the opportunity in their daily lives to see seniors struggling with the challenge of understanding what all of their medications were about and struggling with the challenges of side effects related to those.

I think it's an excellent public policy objective. As I said in answer to the Chair's questions a moment ago, it is a process that we will be able to make more progress on by working with the broader array of partners who are involved in helping to deal with prescribing practices for seniors and who are better able to assist in dealing with seniors at the point that prescriptions are being filled and informing them of how a variety of drugs are interacting with one another.

I'll just make one last point on this. There are 3,400 products on the Ontario drug formulary. When you think about all the complexity that's involved in our day-to-day lives, imagine for a second being a medical doctor with a very powerful role to play in assisting people to live out their lives with the highest possible quality of life. Imagine for a moment, then, being in a position at the same time to be able, in all cases, to understand what the interaction of drugs is going to be. What are we talking about? We're talking about working with our doctors to encourage them and enable them by providing more compensation, in other words more of their time, to work with seniors to get it right. That's what this is at the end of the day.

What I really find a little bit troubling by the approach being taken here is that in their haste to try to score a political point or two, I think members are avoiding what is the reality known to them in their home communities, and quite possibly with members of their families, that lots of Ontarians experience challenges with prescribing practices. The evidence is very clear that this is particularly problematic for Ontario's seniors.

Ms Martel: If I might, lots do, and they don't just include seniors. They certainly don't include only those individuals who are covered under the Ontario drug benefit plan. Only 20% of people who deal with prescription drugs get that through the ODB. The remaining 80% have coverage from various sources. It seems that you are not very interested in dealing with guidelines for them.

You say this isn't about cost containment, but your letter of understanding dated September 22 says, "These savings"—\$200 million—"attributable to changes in physician practice will reduce the rate of expenditure growth of the Ontario drug benefit program." And further: "It is agreed that if the target of \$200 million in savings is reached by March 31, 2007, to the satisfaction of both parties, an investment of \$500 million will be available in 2007-08 for physician services."

1440

I thought this was supposed to be about how we deal generally—not just with the 20% who happen to be on the ODB—with problems that have been raised with respect to overprescription and overmedication of the Ontario population.

Minister, your health concern would have a whole lot more credibility if this program wasn't only targeted to the disabled, seniors, and moms and kids who are on social assistance. Further, if the government really wanted to do something about this matter, then the government should implement some of the recommendations that were made by the Provincial Auditor last fall when he reviewed the Ontario drug benefit program again in a follow-up review. Regrettably, those recommendations he made in 2001—for example, establishing a drug use review program, among other things—still weren't in place when he did a second follow-up review in 2003. That's where your argument falls down, Minister.

The Provincial Auditor has made lots of suggestions about how to effectively deal with cost containment in this program—none of his suggestions talk about going after the poor or essentially delisting those drugs—and lots of suggestions as well about how to deal with overprescription among the broader population. Why is it that the only group you are going after is the group that is conveniently on ODB, the very group that you have cost containment and expenditure controls over?

Hon Mr Smitherman: Why is it, in the face of very clear evidence that this is a group of people that has very serious medical problems associated with it, do you continue to use baited language designed to try to evoke fear? The fact of the—

Mr Baird: You would never have done that.

Hon Mr Smitherman: The fact of the matter is abundantly clear in the research, which is well known to the honourable member. This is a group in our society that has serious problems associated with overmedication. Here's another report from the Canadian Association on Gerontology in the analysis section. The first line says, "Some classes of medication are overused by seniors, the most common being benzodiazepines and

other sedative-hypnotics for the treatment of anxiety and insomnia." This is but one more report as a piece of evidence.

To your suggestion that we take advantage of the good advice of the auditor, I think that you should take this as significant evidence that we're moving forward on that basis. I said earlier in an answer to the Chair that this is the beginning point. We've worked with the doctors to get them aligned to what I think is a very essential public policy challenge. I met recently with CARP. I've been in contact with the Ontario Pharmacists' Association, with the name-brand drug manufacturers and with the generics as well. My point on this simply is that there is a lot of progress that we can make. There was an excellent study, I think, in the home riding of the member for Durham, taking a look at antibiotic use. When the doctors and the pharmacists came together, they really found that they were able to deal with a more appropriate level of antibiotic prescription.

So I take the member's encouragement to look at the broader issue as a significantly good idea, but I would point to the steps we've taken as very clear evidence that we, as a government, understand that the challenge affecting our seniors is one that is most severe. Evidence after evidence, clinical evaluation and anecdotal experience alike, has pointed to the very clear and pressing reality, which is that Ontario seniors are overmedicated. This is a serious public policy concern. It's shaping a lot of the challenges that we face in health care today. Falls leading to breaks related to difficulty with medication, a very high increased rate of hospitalization and the like all dictate that these are important.

One last comment. I guess the member can choose to use any labelling she might wish, but there's no suggestion whatsoever, there's no hint of it, except a desire to confuse on the part of the honourable member, that what we're talking about here is—

The Chair: Minister, please. It would be extremely helpful if we just left those comments and stayed with the issues here.

Mr Baird: Shelley, me, all the family physicians—

The Chair: Mr Baird, please. I would just like to make sure that the tone stays quite professional.

Hon Mr Smitherman: Mr Chair, I'm not sure that the—

The Chair: Please finish so I can return the floor to Ms Martel.

Hon Mr Smitherman: The member, in her commentary and question, used a phrase which bears no resemblance to the matter at hand. Any suggestion that this is a policy that will have a reduction from the 3,400 drugs that are on the Ontario formulary is without foundation, Mr Chair.

Ms Martel: Would you like to guarantee then, Minister, for this committee that that is the case, that there will not be medications that seniors and the disabled and women and kids have access to now in the ODB that will be cut off under this process? If that's the case, where's the \$200 million in savings going to come from then?

Hon Mr Smitherman: Mr Chair, the member was speaking about specific drugs and classes of drugs, and I can confirm for her, if that's the question she's talking about—she used the phrase “delist” earlier. “Delist” means removing a product from a list that is currently available. I can assure the honourable member that there is no strategy associated with this initiative to delist drugs.

Ms Martel: Can you confirm—can you guarantee, in fact—that seniors, women and children, and the disabled are going to continue to get the medication through the ODB that they are currently getting? If that's the case, where do you see the \$200 million in savings coming from?

Hon Mr Smitherman: Mr Chair, the member wants to use the word “currently,” while failing to acknowledge, I think, that there is a public health problem here. What are we talking about? We're talking about analyzing and revising, as necessary, our prescribing practices to ensure that our seniors are gaining advantage through the drugs that are helpful and necessary to them to improve their quality of life.

So in the way that you have phrased the question, I'm not prepared to say that every senior who's receiving a drug should receive it in the future. But the point of the matter is very clear: That's not up to me. That is a very essential matter in the relationship between a doctor and their patient.

What we're really seeking to do here is move along, to move along on the advice and direction that has come in countless clinical studies which indicate that on a whole bunch of counts, seniors in the province of Ontario are overmedicated. The evidence of that has been made, case and point, time and time again, and I think that the honourable member, in her role, has been made aware of these things many times.

Ms Martel: How was the \$200-million figure arrived at?

Hon Mr Smitherman: It's arrived at as a target figure designed to address utilization, based on estimates that have come from some of the studies indicating utilization rate challenges.

Ms Martel: Utilization of what in particular?

Hon Mr Smitherman: Drugs.

Ms Martel: Which ones, Minister? Two hundred million dollars: You must have some idea of what we're talking about.

Hon Mr Smitherman: These are estimates that had been prepared by people who are familiar with these areas. There are 3,400 drugs on the Ontario drug formulary. The key point is this—

Ms Martel: Minister, are you prepared to table those estimates?

Hon Mr Smitherman: The member will wish to try and cast this as if the Minister of Health is sitting in the corner office and randomly striking this product or that product. This is not an accurate portrayal. This is an initiative that is designed to take advantage of the years and years of experience of our doctors, to encourage

them and to incent them to take more time with their patients to work through these matters so that people have the very best advantage of drugs—3,400 of them—on the Ontario drug formulary, but that they are not given drugs which are less likely to have a positive outcome for them. The evidence around why that's necessary is very clear.

Ms Martel: Minister, are you prepared to table the estimates that you've made reference to in the committee?

Hon Mr Smitherman: I'm happy to provide all of the clinical evidence to the honourable member that indicates that these rates are too high.

Ms Martel: No, you used the word “estimates,” and I want to make sure that you provide the committee with the information that somebody has clearly been looking at in order to arrive at a target of \$200 million. Somebody has obviously looked at some numbers to arrive at \$200 million, and this committee and, frankly, I, as the health critic, would be very interested to see what that \$200 million includes. Are you prepared to table that?

1450

Hon Mr Smitherman: The estimates are derived from the data that's at hand from a variety of clinical studies. As I've said now to the honourable member, I'm very pleased to provide that to her.

Ms Martel: Minister, let me go back to who is essentially being targeted here. That is the best way to describe it, because your measures don't work across the whole population. Your \$200 million in savings comes specifically from getting into the ODB plan that essentially provides drugs for those who are least able to afford them: seniors, the disabled, and moms and kids on social assistance.

We haven't heard of a clear strategy to somehow reduce drug costs generally for people across the system, which leads me to say again that clearly this is a cost-containment measure, that what is at play here is your government's efforts to have expenditure controls in the growth of the Ontario drug benefit program. The memorandum says that very clearly. It talks very clearly about reducing the rate of expenditure growth in the Ontario drug benefit program.

Twenty per cent of the population uses ODP; 80% doesn't. If this was a health matter, we would be looking at concerted strategies and concerted efforts to deal with that 80% of the population too, and we are not. We see only a reference to what you're going to do in the next four years specifically with that group of people who use ODB. I go back again to my contention here, that this is all about trying to achieve some savings in a plan that the government operates, much more so than it is about a general concern for the health of the population and for overprescription of the population at large.

In light of that, I would ask you, are you prepared to withdraw this letter of understanding between yourself and the OMA, which clearly goes after a very specific group of people who happen to get their drugs through the Ontario drug benefit plan?

Hon Mr Smitherman: No, and here's why. Firstly, if this was a matter, as the member would like to suggest, that was simply about cost containment, then we would have adopted the strategies of her party while in government, which was to freeze the Ontario drug benefit. That's what they did.

The estimates that are before you today, before all of us today, show a government that is putting a quarter of a billion dollars in new money into funding this benefit. In her address, the member said that the Ontario drug benefit goes to those who are least able to afford it. The fact of the matter is that I think she well knows that this drug benefit, as relates to seniors, is not a means-tested program. I think that's important to point out.

In her questioning, she suggests that we really can't be very serious about it—why?—because we've only started with what is known to be the most serious and egregious problem out there. The evidence in all of the clinical data, study after study, and then five more, says that seniors are overprescribed, and based on all of your common sense awareness and anecdotal experience hearing from this person and that about how Mrs Jones is grappling with so many drugs that she sometimes doesn't know if she's coming or going. The fact of the matter is that the evidence is very clear.

Like you are forced to do in your daily life or in your work life, as we are always as well, we triage our problems. Here you have a government that is aligned behind the very priority that you're calling for, focused on addressing from the get-go, the very first place, the place where there is ample, significant, substantial evidence that there is a really serious problem. That's what this initiative is all about.

In Ontario, we want to continue to be a jurisdiction where our seniors and those most vulnerable maintain benefit and access to drugs that they need. But in keeping with that firmly established principle, it strikes me that we should have the principle that says, "Only the drugs that they do need," because the evidence is very clear. The evidence is very clear that a lot of our seniors are getting drugs that are not working for them, in terms of the desirability and goal of enhancing the quality of life they experience.

The significant protection that is here for seniors is to be found in the trusted relationship they have with their doctors in the province of Ontario. We're asking, we're enabling, we're empowering the person, the individual, with whom they have the best developed relationship of trust to be more their custodian around the use of drugs, which are not always working as prescribed.

I just think these hard questions are fine. Of course, they're totally appropriate, and I don't mind them at all, because I'm very proud of the policy. I think it's a sensible thing for the province of Ontario. But I'm a little bit discouraged by your willingness and your desire to attribute partisan motive or something, that you're so prepared to suggest that Ontario doctors are not going to do the right thing for their patients. I'm having a hard time with that.

Ms Martel: Minister, it's not me. I'm wondering why you said in your own remarks that you have to offer incentives in order to get people to do the right thing. It was you who talked about incentives in the paper. I would think that most physicians are doing the responsible things, and if the government has some kind of problem with some physicians who are overprescribing, then deal with them directly. Between the OMA, yourself and the health network that can track prescriptions that are being made, surely you have at your disposal all of the technology and all of the human resources to deal with those physicians who are causing a problem, whoever they may be.

But you were the one who talked about \$50 million as an incentive to get physicians to do the right thing. I think that's insulting to physicians who are doing the right thing. If you've got a problem with some of them, then deal with that through the OMA, never mind throwing out there a \$50-million financial incentive that a number of physicians have publicly said is just a bribe.

Minister, you said you're proud of the policy. I'm glad that you are. I'm saying to you very clearly, from my perspective as a New Democrat, that this is a policy that is all about going after people who are on the ODB. Because if you were really concerned about the general population, then this memorandum of understanding would talk about general savings in health care costs to come out of the system. Instead, it focuses only on ODB, 20% of the population that use drugs. So you may be proud—I'm happy you are. We will continue to see this very much as an attack on people who are on ODB.

If you've got a problem with particular physicians, I have no doubt that between the OMA, the ministry and the health network, you can find out who the problem people are and you can deal with them without going down a route that clearly looks like some people are very much going to be losers and lose access to medication at the same time that it appears you are bribing physicians, and many physicians have said that publicly over the course of the weekend.

Hon Mr Smitherman: I hardly suggest that you're losing access to anything if every study that's out there indicates that some of the access is entirely unhelpful. If the strategy was as simple as you put it, then we'd adopt the same strategies you adopted when you were in office. What were those strategies as relates to the Ontario drug benefit? What is your party's record as relates to the Ontario drug benefit? You froze it.

Ms Martel: And you're cutting \$200 million.

Hon Mr Smitherman: No, Ms Martel, I am not. The estimates that are before you today for the calendar year 2004-05 show that the government of Ontario, of Dalton McGuinty, is putting \$250 million into the base adjustment to the Ontario drug benefit.

Ms Martel: When does the \$200 million come out, George? Come on.

Hon Mr Smitherman: Further is the very clear reality, which is that because the Ontario drug benefit is an open utilization program and often grows at a rate

beyond what's put in the budget, we fully expect that from within the challenges we face in the given fiscal year we'll have to increase that amount by probably another \$100 million or \$150 million. So I think there's ample evidence that Ontarians continue to have lots of access to a very good program.

1500

There's also lots of evidence, just as an example, in the study from the Canadian Association of Gerontology, that says, "11% to 46% of seniors receive at least one inappropriate prescription per year." It strikes me that we should incent our doctors to spend more time with patients and do what we can to affect the rate of drug utilization. We want our seniors to be able to gain benefits from those drugs that will help them enhance their quality of life, but we don't want to be associated with practices which study after study has indicated are debilitating for our seniors and leading to enhanced rates, as an example, of hospitalization. This is unhelpful, it's totally inappropriate, and that's what this initiative is about.

Ms Martel: And you don't have to give money to do that either.

The Chair: Ms Martel, you have about two minutes left.

Ms Martel: Let me just finish. Minister, if you want to deal with the people who you think are causing a problem, do that, but the current scheme you have here is that some form of \$200 million of savings is going to come out and you're going to table with us some of the estimates around what that may include. Then you're going to give \$50 million back to the docs, and there are going to be some decisions about how that money has been made.

I think most physicians do act very responsibly. If you want to deal with those who are causing a problem, then do it, but I don't think you have to take \$200 million out of the system and then provide \$50 million in incentive as a reward for getting doctors to do what they should be doing in the first place. That's why people out there are talking about bribery; that's why physicians themselves are saying it's a form of bribery.

At the end of the day, you can't confirm for this committee that some of these people who are currently covered now are not going to be impacted in a negative way. That's what I'm concerned about, that some people—moms with kids, the disabled, seniors—who need access to the program are not going to get it. It's going to be strange to see how \$200 million can come out without impacting someone in a negative way under this program, never mind the 80% of the rest of the population who aren't even covered and for whom it seems we have no savings target in terms of trying to reduce their drug costs or make sure that they are actually getting proper prescriptions from their physicians.

Hon Mr Smitherman: Quite the contrary: I can confirm that no Ontarian who is currently receiving drugs will be impacted in a negative way. In fact, what I can confirm for you is that many who are being impacted

currently in a negative way will be, by government aligning itself with health care providers to change the way we prescribe, improving their quality of life.

What you refuse to do today for the purposes of your own argument is acknowledge what you well know, and that is that study after study has indicated that there are serious problems. Here is another one: "Prescribing errors account for approximately 19% to 36% of drug-related hospital admissions." How much evidence do you need before you recognize that it's time to get on with addressing the fact that Ontario's seniors are challenged? You say that you want the negative assurance; it's the assurance that I'm very pleased to offer to you. In so doing, we'll enhance the quality of life for Ontarians and we'll learn a lot about something that is a challenge across the breadth of our health care system.

You keep referring to responsibility and problem doctors and the like. This is not my language; this is your language. I'm not pointing fingers and laying fault on a few doctors here and there. We have a problem in our society. It's well established by all of the data, and you know about it too. It's time, I think, to get past that denial, because I think it's incredibly important to the benefit of patients in Ontario that we prescribe them the drugs that will help them and will enhance their quality of life. But in so doing, it's critical, it's essential, that we recognize that heretofore that is not what our system has accomplished. We can do better, and that's what this initiative is about.

Ms Martel: All patients, not just ones on ODB.

Hon Mr Smitherman: Triage your problem.

Mr Baird: I agree with Shelley.

The Chair: Minister, Ms Martel, Mr Baird, we're going to do seven and a half hours of this. Let's try and work through the Chair here, please.

We have an interesting dilemma because a literal reading of the standing rules indicates that the minister is allowed up to 30 minutes' rebuttal. According to our clock, he has engaged in almost 30 minutes of the debate of the last full hour. So I'm in the committee's hands.

Interjection.

The Chair: Just let me finish, and then I'll answer any questions. This is not the usual form for estimates, so that's fine, if we can order up our business within the guidelines as established by Parliament. The up to 30 minutes allocated for the minister is for reply and rebuttal. So we can give the minister another half an hour for reply and rebuttal if he so chooses, but it is essentially to respond to the questions that were set up in the first half-hour of the official opposition and the half-hour of the third party. If the discussion can be focused in that direction, then we can proceed. Then we'll begin the rotation. Questions?

Mr Baird: I just might suggest to the committee and the minister, if you're open to this—you are a busy fellow and you've got all of your senior management team here—I certainly would have no problem if you wanted to waive your 30 minutes and take it off the end of the presentation, if that's something you'd be

interested in doing. Both of us have given back and forth already.

The Chair: Mr Baird, your suggestions go through the Chair.

Mr Baird: OK.

Ms Di Cocco: My understanding, at the beginning of the session, was that each side had half an hour. Whether they used it as questions or whether they used it to make statements was how they used the half-hour. My sense of what I hear, and maybe I didn't understand, was that the half-hour to the opposition and the third party, because of the format, negates the half-hour of the government side. Did I misread that?

The Chair: No. All I'm simply stating—for example, I'm not prepared to rule that the Liberal Party now has an opportunity to spend half an hour with the minister. I was simply suggesting that the minister could immediately engage in the rotation with the members or he can take half an hour to simply respond to the questions that were raised by Ms Martel and Mr Baird and others. That is the way the standing orders are structured, and that would be my ruling. I only added that the minister consumed about half an hour of the hour. So, if pressed, my ruling would be that the minister has had his rebuttal time. I would like to get into rotation or I'd like the minister to respond. I had a request from the government members to do a question-and-answer for half an hour with you, and my ruling would be that that would be out of order, but I haven't formally received it; I informally received it.

May we proceed, then, Minister?

Hon Mr Smitherman: I'm a little bit unclear, because the rules are not what I had been aware of. First, I do have items that were asked in the question period.

The Chair: Then please proceed. You have up to 30 minutes. Please reply to those questions and those issues raised by the two opposition parties. Then we as a committee will go through our regular rotation. Please proceed.

Ms Di Cocco, a question?

Ms Di Cocco: Yes, I have a question about procedure. I believe Mr O'Toole was Chair at the very beginning of this session before you arrived. He stated clearly what the process was going to be. That process was that there were three time slots: half an hour for the opposition, half an hour for the third party and half an hour for the government in beginning the rotation, and after that, the questions-and-answers of 15 minutes each. What you are ruling on now seems to be in contradiction to what Mr O'Toole, as Chair, stated at the beginning of the session. So I don't know if we can get an independent—if the clerk could provide—

The Chair: Ms Di Cocco, your suggestion isn't helpful. The mistake I made was not waiting for you to formally request what my clerk advised me was the request coming from the Liberals.

Now, I have ruled. The minister has up to 30 minutes to respond. As I say, the change that occurred was that the two opposition party critics engaged in a Q&A; therefore, a literal translation of the guidelines would indicate

that the minister has already engaged in up to 30 minutes of rebuttal. I don't wish to debate the point. I have an obligation to proceed with these estimates. We are back on track with the minister. Minister, please respond.

1510

Hon Mr Smitherman: Thank you. I would like to take the opportunity to rebut some of the issues that arose through the questioning from the opposition parties earlier.

First I would like to speak to some of the comments of the member from Nickel Belt. The member from Nickel Belt seeks to characterize improvements in drug utilization as a cut. The fact of the matter is—I think I made the point earlier, but not as well as I might have—that a drug program currently is operating under utilization pressures ranging from the mid- to high teens, on a base budget between my ministry and the Ministry of Community and Social Services, approaching \$3 billion. I think we can all see the challenge associated with this.

But our party, while in government, will not serve to take action as her party did while in government, which was to limit access to the Ontario drug formulary and to freeze the amount of money that was made available in it. That was the strategy her party adopted while in government, but it's not ours. Why is that? Because we fundamentally believe in the life-altering and life-improving capacities of pharmaceutical products to assist our seniors and others in living out their days with the fullest possible quality of life.

We've all witnessed how some of those pharmaceutical products can give life back to people. As a gay man with many friends who have suffered from and succumbed to HIV/AIDS, who deal with its challenges every single day, I've had the opportunity of seeing those life-altering drugs give them a new sense of and a new lease on life. We stand, as a government, fully behind the principle that we should be working in our society to provide seniors and others with access to the drugs they need to enjoy their quality of life. But I find myself a little frustrated with a line of questioning that comes from opposition parties where they seem to depend upon short memories in terms of both their awareness of the way they acted while in government, and perhaps more particularly with respect to all the studies that are out there that indicate that this really is a serious problem in our province.

I would just say there are obviously, in our jobs, lots of opportunities for the to-and-fro and for the political debate and the like, but I think this issue really does warrant a bit more of what I might characterize as a common-sense approach. When I say a common-sense approach, I mean just talk to some people; talk to some doctors, to some pharmacists, to some people who work in emergency rooms, to seniors and seniors' groups. On these issues I have a touchstone. It's my mother, and she never likes the fact that I talk about her age, 71. This is where I seek to learn on a very personal basis the challenges and opportunities that are associated with pharmaceutical products.

I just want to make the point that what we are looking at trying to do is to alter our drug utilization rate for sure, because the growth in this program is a serious challenge. Why would we, when faced with a compelling body of evidence, shrink from the duty and responsibility of trying to enable a higher quality of life for our seniors by assisting them in having a utilization rate for drugs that is more appropriate?

Please, I realize it's easy for me to characterize these things because I'm a public office-holder, like all of you, but the evidence is really clear. It's there in the data. So I ask you to please take that into consideration.

The member for Nepean-Carleton earlier on made some assertions with respect to the ministry's administration budget. I really appreciate the opportunity in rebuttal to make a few points. The first is that the Ministry of Health spends less than 2% overall on its administrative costs. I think if you were to compare that to the cost burden in many of the institutions that you raised, you'd find that the ministry operates very efficiently.

The numbers that you were speaking about are influenced very specifically by two programs which I think you're going to agree were very necessary. Those increases that you spoke about are influenced by two programs that have come about as a result of Ontario's experience with SARS and the public health challenges associated with that.

The first is language adopted by your government and still alive within the Ontario public service, and that is the "new normal" in infection control. A significant amount of the associated costs that you raised are for public awareness about a comprehensive community awareness program that talks about making people more aware of the challenges related to infectious disease and the like. This has come forward as a recommendation from the variety of reports we've had and that we still continue to gain benefit from related to Ontario's challenges stemming from SARS. I don't want to make the point too simply, but one of the things we found out with SARS is that one way that individuals could empower themselves is by doing one of those things that is the simplest thing to do: just washing your hands. So I just want to make the point that there is a significant element of cost associated with that.

The second is perhaps even more compelling. One of the real hardships that we experienced in struggling to address the challenges related to SARS was that our information management systems were very inadequate. They let us down to the point where people who were engaged in the front lines of that battle—many of whom are the accomplished women and men of the Ontario Public Service and the Ministry of Health; Dr Basrur, who served in a different role then—really experienced the challenges of basically using Post-it notes and the like to try and track what was a fast-emerging health threat.

A significant amount of the cost associated with the increase that the honourable member for Nepean-Carleton referred to is for the development of what's become known as iPHIS, the integrated Public Health

Information System for communicable diseases, improving immunization reporting using this tool and a few other related inspection information systems. The key point here is that we're spending a fair bit of money to build a piece of infrastructure that was seen to be sorely lacking, and that was the ability of public health units to communicate in a consistent language to the ministry, and back and forth, to be able to track emerging health threats. I do acknowledge that it's a significant amount of money and a significant increase as well, but it does stand as further evidence of our government's desire to give real life and action to the excellent reports of Dr David Walker, Dr David Naylor, Justice Campbell and others who have really informed our actions related to the rebuilding of public health. Those are the explanations for the increase that you spoke about.

I just want to go back to a point from the member for Nickel Belt that I think I did address somewhat in rebuttal that does relate to the challenge at hand with respect to prescribing practices. She's absolutely right to say that this is not a problem that is germane only to older Ontarians, although, as I've said I think on probably at least 10 occasions now, the evidence is clear as more data have been collected that it's problematic in those areas. But along the lines of the excellent work that was done by community health care providers in Minister O'Toole's—sorry, John; I was always hoping for you to be one. In the member for Durham's riding—I'm not sure; was that in Bowmanville?

Mr O'Toole: Port Perry.

Hon Mr Smitherman: In the Port Perry community they did some excellent work, doctors and pharmacists working together to address prescribing patterns with respect to antibiotic use. They very significantly reduced those rates of prescription. We can be informed by those things. We are, as a government, moving on with strategies to tackle utilization rates to make sure that people are being prescribed the things that can help them and not those that can cause a health burden for them. The evidence is clear that lots of health burden is the result of some of the prescribing practices that are the norm in Ontario today, and what we're trying to embark upon is a path of what I would call cultural change or societal change that won't just involve doctors but will also involve patients, pharmacists and drug manufacturers alike.

1520

You ask a good question and you ask it hard, but the fact of the matter is, I think it's a very sensible thing for a government that is facing enormous challenges to focus its time and attention on those which are most problematic and pressing. This is clearly the case, and there's lots and lots of evidence to indicate it.

I'll say again that I think it's incredibly important that we approach this issue with an appropriate amount of respect and confidence in health care providers. We know that patients have trust in their doctors. Our agreement builds on the relationship of trust between doctors and patients.

On the issue of my use of the word “incentive” that some people find problematic, I really believe that we in the Ministry of Health are trying to emerge with a true transformation, with a new culture intact, moving from what I often characterize as a command and control culture, which pretends it can control everything with another regulation or directive, to one where we all recognize one fundamental thing, and that is, notwithstanding the challenges that will always be there about more funding needed here or there, we’re all in this together.

What we propose to do is to incent and reward appropriate behaviour. As an example, that could mean that organizations that are slow in moving forward on reforms, that are carrying a higher administrative burden, might not receive the same level of base funding increase. If there’s evidence out there that some providers can get the job done more efficiently and effectively than others, then I’m very pleased to say that our government is going to seek to acknowledge those good behaviours and to try and incent them and to—I wish I could think of another word—disseminate them across the breadth of our health care system. This is really fundamental to the issue that is at hand for us.

On that, Mr Chair, I think I’ve failed to use all of those 30 minutes, but have appreciated your opportunity to provide me a rebuttal on those points which I didn’t feel were adequately covered in the question-and-answer session.

Ms Di Cocco: On a point of order, Mr Chair: I am going to be challenging the Chair’s initial ruling with regard to the 30-minute time allotment to all parties around this committee table.

The Chair: First of all, the reason you can’t have a challenge is because I didn’t get a formal request. So if you wish to make a formal request, then I can make a ruling. But it wasn’t challenged at the time of the ruling—

Interjection.

The Chair: Just a moment. I did not get a request; I got an informal suggestion. That was it.

Minister, please, I have a procedural point here. We now wish to proceed with the normal rotation. The clock indicates that we have 36 minutes remaining. We can proceed to divide the time in accordance with the accustomed practice.

However, I do need the direction of the committee with respect to stacking the votes. Do you wish to do the ministry estimates collectively and vote at the end, or do you wish to go vote by vote through the estimates book? I just need a motion to proceed in one fashion or the other.

Hon Mr Smitherman: On a point of order, Mr Chair: While you deal with these procedural matters, could I have your permission to go down the hall for about three minutes?

The Chair: Yes, absolutely.

Do you wish to stack the votes and do them all at the end?

Ms Martel: Stack the votes and do them all at the end.

The Chair: All those in favour? Agreed. Thank you.

Mr Baird: There’s no provision to challenge it.

The Chair: No. I’d even rule on it, but I didn’t have a request. We don’t need to go over it. You can’t challenge a ruling when I didn’t overturn a motion.

We have approximately 30 minutes remaining. By the most efficient and fair use of the clock at this point, we’ll allocate 10 minutes to the official opposition, 10 minutes to the third party and 10 minutes to the governing party. Please proceed.

Mr Baird: I’m reading your letter of understanding here, your MOU, and I hear you use the word “incent,” so I decided to count the number of times “incent” appears in your letter. It doesn’t. You talk about seniors and overprescriptions, so I tried to look for the word “seniors.” Are seniors even mentioned in your letter of understanding? They’re not. Yet the word “savings,” in this little one-page letter, is mentioned seven times.

I think it’s clear that this is all about a budget reduction among the 20% of the population who are the frail elderly, who are disabled and who are single parents, single mothers and children on social assistance.

I have a question I want to ask you. Since you’re so concerned about the overprescription for the population, let’s look at the other 80%. Great-West Life provides the prescription drug coverage for you and I and all the men and women sitting behind you. Would you have any objection to Great-West Life giving a 20% incentive to physicians for not giving you and I a prescription drug? Would you have any objection to that?

Hon Mr Smitherman: Yes, of course I would, because for the member in his question to put the government of Ontario and the Great-West Life Assurance Co on the same plane is to demonstrate a pretty significant lack of awareness about the fact—

Mr Baird: I’m just trying to put you and I on the same plane as someone who’s a frail and elderly senior. That’s the same plane I’m talking about.

Hon Mr Smitherman: Excuse me, Mr Chair. I’m in the middle of answering a question and I’m getting heckled.

Mr Baird: I learned so much from you in question period.

Hon Mr Smitherman: A lot more than I learned from you in government.

The Chair: It was an interjection and an answer from you, so Minister, please proceed.

Hon Mr Smitherman: For you to depend upon a comparison which places an insurance company—a private, for-profit, publicly traded insurance company—on the same plane as a government seeking to manage its responsibilities for a health care system in the province of Ontario is demonstration of the extent to which you want to reach on this subject.

Here, I think, is the essential point. There is in our province a very significant use of prescription drugs. The government of Ontario is a very significant contributor to paying for those: approximately \$2.5 billion in my

ministry and approximately another half-billion dollars in the ministry that you would be even more familiar with. We fully intend and expect that over the course of our term in office, we will continue to increase the amount of money that we spend on drugs and that we will continue to expand the formulary that's available for Ontarians to benefit from.

1530

Those two realities and those two commitments don't mean that it's not helpful to address utilization rates which are known to be inappropriate. The fact is that you can do all you want to do, but what you seem unable or unwilling to do is see the very clear reality, which is that in our society there are many people who are not benefiting as they are intended to from the prescription products they're taking. We want to work with Ontario's medical community, these most trusted relationships between patient and doctor, to put more of the doctor's time at their disposal, to assist the patient in making sure that the medications they are taking are having their desired effect. I think this is a very good approach.

Mr Baird: All I can say is, if you were genuinely concerned about the overprescription of drugs for seniors, the word "senior" would appear in your letter of understanding. The word "incent" rather than "savings" would appear in your letter of understanding. With great respect, the fact that you're not prepared to put yourself on a level footing with a young child with Down's syndrome who is on ODB, with the frail senior, the woman who depends on osteoporosis drugs—the fact that you're not prepared to put yourself in the same boat says that you're not perhaps as thrilled with this policy as you would pretend. I think that's unfortunate, because you are only tackling 20% of the population. It seems to me that if you were genuinely concerned, you'd want to have some initiatives for the other 80%.

I did want to briefly respond to your comments with respect to hospitals and your administration budget. I make no comments at this time as to whether your administration budget is good or bad. You have reasons for your administration budget going up. You identified them as public health. I notice on the same page that your expenditures on public health are going down quite significantly in the estimates, and your estimates on the overall summary page are going down by hundreds of millions of dollars. Perhaps that's another issue you may want to address in the future.

There are explanations of why hospitals need more than 0.6% budget increases, more than 1.8% budget increases. You have very flippantly said that you see no evidence that hospitals have sought cost reductions anywhere in your comments, which simply is not the case. It ignores the realities of the work of a lot of nurses, doctors, administrators and other staff members, volunteer boards of directors at hospitals like the Ottawa Hospital and the Queensway Carleton.

I'll give you two reasons why the budget of the Queensway Carleton Hospital is going up: They've got a growing population out the front door, of Kanata,

represented by my colleague Norm Sterling, and of South Nepean, Barrhaven and Stittsville, represented by me; and out the back door, in your colleague Jim Watson's riding, you've got the oldest population per capita in the province—in fact, even in the country. So there are two reasons why the Queensway Carleton Hospital's budgets are going up.

They are also going up because health care inflation is out of control, because you're giving big increases to physicians that are well in excess of the 2%. You said you didn't want to discuss the wage increases now. I don't blame you for not wanting to discuss them because they're going to be signed, sealed and delivered by the time the taxpayers find out that you're going to give some health care practitioners more than 6%, maybe as much as 10% when all of your secret side deals are exposed. What does that say to the guy pushing the broom? What does that say to the nurse who's going to be demanding a 3% or 4% salary increase?

Minister, all I'm asking is that you consider that you've got an explanation for your 7% administration increase. Hospitals have an explanation too, because they have to actually treat patients in their hospitals. In order to get just inflation, the 4.5% or 5.5% that these two hospitals are looking for, that's not going to make the system any better; that's just going to keep their head above water, to provide the same level of care that they provided last year. If you want to talk about increasing the number of full-time nurses and reducing waiting lists, I'd suggest you've got to put your money where your mouth is. If you were as equal a proponent of the administration budget of your own hospital as you were of the public hospitals in general, I think that would be a welcome sign, because they have not seen an advocate in you.

Hon Mr Smitherman: A few things there: First, to hear the honourable member in the same breath—it might have been two breaths—defend the poor and the nurses, two groups that he was rather accomplished at attacking, is just a little beyond the pale.

With respect to reporting of public health funding, it's accurate to report that last year's extraordinary events related to SARS caused an actual expenditure number for 2003-04 which is lower in 2004-05. But I would make the point that base funding and commitments to municipalities and to fund Operation Health Protection have been very helpful there.

Queensway Carleton Hospital is the beneficiary of \$8 million in additional funding this year.

Mr Baird: That's for new services.

Hon Mr Smitherman: That is for new services, as the member has said, which makes the point rather well, doesn't it, that his very question, which said there was nothing going on in hospitals to buy new services and that it's just to pay the same for what we already have—he has already made the point that there are new services. There are expansions going on in the hospital sector in the province of Ontario today.

The situation that we're facing is as such: We put \$385 million into hospitals as soon as we arrived, and we

put \$469.5 million in this year. That's a 4.3% increase for hospitals. We're seeking to prioritize that funding in key areas with our hospitals. We have additional funding that's been committed to nursing, as an example. You referenced nursing.

What I'll offer on the issue of nursing is that I'm of the belief that we inherited a profile of nurses in the province of Ontario which was significantly damaged—significantly damaged. I'm proud that we've made some important steps. I recognize that we have miles more to travel, and we're going to do that, working alongside nurses.

You, of all people, representing the party that while in government didn't just turn their back on nurses, as your former Premier did with a former chief medical officer of health, but called them Hula Hoops and made them redundant and fired 8,000 of them—it seems to me that you're a little bit on thin ice to be talking about us.

On nursing initiatives, I'm very proud to be able to say that we've directed \$89 million in targeted funding toward nursing strategies and \$50 million, in two \$25-million chunks, to hospitals, large and small. The first \$25 million that we sent to hospitals with a view toward increasing the number of nurses working full-time created 633 new full-time positions for nurses in the province of Ontario. We're making a significant dent in the challenge of addressing the issues of full-time nursing.

I make the point that the job we have at hand with respect to nurses is not just about wages. It's about improving their working conditions and also addressing the fact that way too many of them were being injured on the job. That's why I was so pleased to have a chance to demonstrate that a ceiling-mounted bed lift can carry a man of even my size with relative comfort and genuine ease, as opposed to asking the backs of the nurses in the province of Ontario to continue to lift that kind of a load.

I think this is an example of the fact that our government believes in rebuilding the foundations of nursing. That's about workplace health and safety. It's about getting more of them off disability. It's about achieving 70% full-time nursing, and it's certainly about limiting the addiction that hospitals have had to the use of agency nursing and overtime. So on these matters I'm proud.

The last thing I'm going to say is related to the issues of public hospitals. Perhaps you're their spokesperson. You've made yourself out to be that by the way you've asked the question.

Here's what I know. I'm pretty sure that in the last year I've been to as many hospitals as any Minister of Health ever has. I've had the opportunity in every one of those environments to reach across the nursing station and to go behind it, to reach across the volunteer desk and to thank the people who are usually in blue smocks, and to demonstrate to the Ontario Hospital Association that we are a government that seeks to have a health care system.

My last thing on this is that you can talk all you want in isolation about hospital funding, but that just

demonstrates that, just like for the eight years you were in government, you don't get that it's a system and you don't understand fundamentally that if you don't invest in community-based services, if you continue to allow, as an example, mental health to have no funding increases in 12 long years—significantly, your record—you will always have our hospitals in a situation where their emergency rooms are being overrun with people who could much better seek care in community settings.

1540

We have made the largest single investment in community care settings: \$406 million to restore quality in long-term care and open more beds; \$103 million for home care; \$600 million over four years for primary care renewal; \$29 million for the kind of supports, like Meals on Wheels, that help keep people in their homes in the first place. These are the things that I'm proud of.

The Chair: Ms Martel, you have 10 minutes.

Ms Martel: The question is on long-term-care facilities. Minister, can you tell me when the money for the long-term-care facilities that you announced in May actually went out the door?

Hon Mr Smitherman: It has ostensibly flowed. Last week, Ontario's 580-plus long-term-care facilities received a letter from me that's followed up with an administrative letter from senior officials within the ministry. This allocated what will be, on full-year funding, \$191 million. So I think it's safe to say that, across the province of Ontario, long-term-care facilities are placing ads in local newspapers to hire 2,000 additional employees, at least 600 of which will be nurses.

Ms Martel: My question was, when did it go out the doors? Are you telling us that the approval letters have gone out the door or the cheques have gone out the door almost five months after you first made the announcement? Which one?

Hon Mr Smitherman: Well, we made the announcement about—

Ms Martel: May 11.

Hon Mr Smitherman: Yes, about four months ago. I agree that it's—

Ms Martel: Well, about five months ago, yes.

Hon Mr Smitherman: I agree that it has taken a long time, and here's why: Under the previous government—I'm less sure about what the status was in your term in office—a lot of the time money sent by the Ministry of Health for specific purposes was not spent on its specific intent. The best piece of evidence I can offer is that the previous government, toward the end of their term, spent \$400 million on an initiative to enhance the percentage of nurses working full-time and achieved nothing.

Set against that backdrop, I've put in place a very different measure of accountability within our ministry. Although it took a long time, I think that if you speak with both of the organizations, OLTCA and ONAS, you will find that they are very, very positive on what's taken place over the summer, which was following on the terrific work that Monique Smith did, lots of hard work,

to deal with issues including municipal tax and equalization.

So, yes, it's taken a long time. We've made a lot of progress. The letters are out there, which is evidence that the cheque is in the mail. Ontario's long-term-care facilities are now gearing up to enhance the levels of care that they're able to provide for those most vulnerable citizens. On long-term care, in the course—

Interjection.

Hon Mr Smitherman: I'll get you the answer on that.

The money is effective October 1, which is essential. There is a sign-back provision on the letter that went out. Those are due by October 19, and the money will flow soon after. But for the purposes of budgeting and staffing, those facilities are very well aware that the funding kicked in as of October 1.

Ms Martel: With respect to the sign-back provision, does that somehow relate to what directions have been given to administrators and facility operators about how the money can be spent?

Hon Mr Smitherman: Yes, it's designed to ensure that the money is spent in exactly the ways that we directed. Would you like someone to give a bit more detail on that?

Ms Martel: Yes, please.

Hon Mr Smitherman: OK. That's assistant deputy minister George Zegarac. I failed to introduce acting deputy Marg Rappolt earlier. I apologize.

The Chair: I was going to rap your knuckles for that.

George Zegarac: Yes, just clarification: The sign-back provisions are clearly around the commitments the government has made in terms of hiring more nurses, having 24/7 care in terms of RN provision, having personal support workers hired, and having dietitians sign off on approved dietary plans. So those are conditions on which we've worked with the associations. We hope to receive all the sign-backs by October 19.

Ms Martel: May I ask, are the sign-backs including, then, per facility, what your expectations are with respect to new hires?

Mr Zegarac: In terms of the individual numbers?

Ms Martel: Yes.

Mr Zegarac: We're working those out, actually, with the associations and the centres over the next couple of months.

Ms Martel: So those targets will be assigned facility by facility?

Mr Zegarac: They will be eventually, yes.

Ms Martel: OK. How is the ministry going to ensure that that occurs? Are they going to have to now send in staffing schedules with their service agreements?

Mr Zegarac: There will be a management information system reporting, where quarterly reports will be coming back. We're working with them right now to do a survey to ensure we have the baseline data, and we'll be tracking that on a quarterly basis.

Ms Martel: OK, you'll be tracking. How will the public know? Is that information that's going to be made available to the public facility by facility: what your

expectations were with respect to new hires, in what category, and what happened?

Mr Zegarac: The desire is to ensure that all that information is made publicly available.

Ms Martel: Can you tell me where it's going to be made publicly available? I raise this because one of the other things you announced on May 11 was that within four months there would be the launching of a public Web site to provide information to the public about every home in Ontario, including current bed numbers, type of home, age of home, ownership, number of private, semi-private, and basic accommodations, number, type and rate of complaints for every year, and a satisfaction survey. We looked on the Web site today and we don't see it.

Mr Zegarac: We hope to have that Web site available very shortly.

Ms Martel: Any idea when?

Hon Mr Smitherman: It will be up before snow is a regular occurrence in southern Ontario—not the Sudbury standard, mind you.

Ms Martel: OK. You're past four months now, Minister.

Can I make some suggestions? It would be a very good idea—take it for what it's worth—to also post on that Web site the very kind of information of what the requirements are that you make with respect to staffing and what the compliance is.

My other question is, is it clear, then, that facilities will not be able to use this money to clear debts—and they have been told that; that's very clear—both private facilities and municipal not-for-profits?

Hon Mr Smitherman: Yes. That's why this has taken longer. It's exactly as I said: I wasn't sending money out into the system. It's for the front line, not for the bottom line.

Ms Martel: You talked about making sure that nurses are on 24/7, but we also checked about regulations and note that none have been made under the Long-Term Care Act with respect to standards of care. On May 11 you also promised a regulation that would provide RNs at every facility 24/7, a regulation that was cancelled by the Conservatives. The second regulation you promised on May 11 was also a regulation that would provide for two baths a week or more, depending on the personal care needs of residents, and we note today that neither of those regulations has been passed. Those could be passed at cabinet; you don't even require legislation. So can you tell me, Minister, why those two regulations, which, frankly, could easily be done at cabinet, have not yet been passed?

Hon Mr Smitherman: They're in the process. They're at legs and regs shortly, and we'll be getting them done in fairly short order.

Ms Martel: Can we have a more concrete time frame? A month? Three weeks?

Hon Mr Smitherman: I think it's reasonable to assume that these will be done within no later than six weeks from now.

Ms Martel: Six weeks. Then let me ask a broader question about minimum standards of care. The former government also cancelled what had been a minimum standard of care of 2.25 hours. I think the proof of how negatively that impacted on residents in long-term-care facilities was in the Price Waterhouse study that showed how seriously behind Ontario fell in every category of care provided to residents.

It's my understanding that in the last election your government did promise to reinstate minimum standards of care, and I'm wondering where the regulation is for that. You could, for the moment, put in the previous standard of care, which I would personally argue is not enough any more, given the acute care needs of patients who are coming into our long-term-care facilities with respect to dementia, behavioural problems etc. But in the interim, until you work with particularly the care providers like ONA, SEIU and CUPE, you could also pass a regulation that would at least put in what had been a minimum under the Conservatives and was cancelled in 1996. Are you prepared to do that, Minister?

Hon Mr Smitherman: I think the member well knows that we're not, that that's not the plan we've outlined. She's very familiar with the outline we've made, because she's just asked questions about the regulations we will be bringing forward. The reason for that, simply put, is that we think front-line health care providers have the capacity to be involved in helping to determine where their time is most appropriately set, that having a minimum standard does take away some of the flexibility necessary to deal with the patient loads people are dealing with, that from time to time those patient loads are going to differ because people are going to be more or less ill on certain days, and the like.

So I think the strategy we've outlined with those core regulations is a very healthy step, particularly when you consider it is but one element of a multi-pronged approach designed to enhance the quality of care in our long-term-care facilities. I think the additional funding, the work we've done on mandating resident and family councils, the initiatives we've made around stricter enforcement and better follow-up on any reporting, and especially the fact we still have legislation pending is ample evidence of the extent to which we've embraced the challenges in this file and really sought to turn the quality-of-care issue around in our long-term-care facilities. I'm not one to suggest that our work there is done, but I would say that when you look at 11 months and one week's worth of work, I think that we've gone a considerable distance toward enhancing the quality of care and ensuring that any long-term-care facility in our province, whether it is public or private, is living up to an Ontario standard.

1550

I will just say one other point on this: I get a lot of mail, just like you do, and on no issue, for me, in my letter book, has the tide turned in terms of the correspondence I'm receiving. No doubt the 73,000 individuals who are calling long-term-care facilities home need

a very significant degree of protection, and I think that we have dramatically enhanced the protections and care associated with that. We have more work to do, and it's coming soon.

The Chair: Thank you, Minister. Thank you, Ms Martel. Ms Di Cocco?

Ms Di Cocco: In all of the discussion about seniors, Minister, I just noted the day, and this is the first day I've missed my father's birthday in Sarnia. So I'm here instead of wishing him a happy birthday. He's 83 today.

Anyway, I will make sure—

The Chair: I hope he's watching.

Ms Di Cocco: Well, as I said, if this was on the parliamentary channel, I could have said, "Dad, happy birthday."

Mr Baird: It is.

Ms Di Cocco: OK. Happy birthday.

The Chair: And I rule it in order.

Ms Di Cocco: Thank you. Anyway, in the context of all of that—and he's very active and quite healthy. I think of our Minister of Tourism and Recreation when he talks about activity for seniors—my dad, by the way, is an incredible bocce player—and he talked about the whole benefit of active lifestyle as well as the social benefits of seniors who are out there and active.

I know that from a number of initiatives that we have taken across the board in various ministries—the Ministry of Health, the Ministry of Tourism and Recreation, the Ministry of Education, the Ministry of the Environment—we've talked about those determinants of health as being a huge component to how we stay well and how we stay healthy as a society. As we age—I know, Minister, you're not quite there, like I am.

Hon Mr Smitherman: I did turn 40 this year.

Ms Di Cocco: Oh, there you go. A milestone.

As we age—and certainly my generation, the baby boomers, if you want—we are going to put an incredible strain on our health care system. I know that one of the challenges when we formed the government is that we've got this incredibly complex set of—I don't know if you can call them systems—diverse ways of dealing with health care. Probably the biggest challenge is putting it together in a way that we can deal with it in a sustainable way. Let's put it this way: Sometimes it seems like this runaway train, in the sense of the growth that is there. How do we find the best practices across the board?

I heard you mention many times the word "accountability" in the context of hospitals, "accountability" in the context of yourself, "accountability" in how dollars are being spent and what the results are in what we call this patient-centred health care focus that we've got.

Again, going back to our elderly population, and, as we age, the different ways we're going to deal with patients or people who are aging and all of their different needs—of course, one of them has to do with our long-term-care facilities—I took it upon myself this summer, Minister, to go to every single long-term-care facility in my riding so that I could see the public, the not-for-profit and the for-profit facilities and actually go in there and

speak to the people who are providing the front-line care as well as to the people who are there being cared for by our health care professionals. There's an amazing amount of work being done there.

What I would certainly ask you, Minister, is that in raising the standards in our long-term-care facilities there's going to have to be a system whereby we're going to be able to do some enforcement, to be able to say, "Are these measures we're putting in there, these standards, going to be maintained?" That is what I was trying to get at as part of the question I'd like to ask you.

Hon Mr Smitherman: In my job you can't help but focus a lot on seniors. When you look at our government's budget for May in the areas of funding that we're expanding on—wait time strategies, hips and knees, cardiac, cancer, cataract, MRI—these are not exclusively targeted to seniors, but seniors are obviously significantly targeted.

I want to say two or three things. First, I was born in 1964, which officially is the last year of the baby boomers, so you and I have more in common than you might think. The second thing is that there's this amazing contribution that must come from our people. When you look at the destination points that I have responsibility for that our government has taken on, that we have collective responsibility for, it's to reduce wait times in key areas, to provide more access to family doctors, to make Ontarians healthy overall and to make our health care system more sustainable, to live within our means.

On this third point, and this is really the essential one, I think we have to rekindle a sense of societal commitment and dedication to staying healthy. I personally adopt the idea of continuous improvement because, as is well known to many people, although I'm always active, I haven't always been able to maintain a healthy body weight. For me that means eight days ago I ran half a marathon. I'm going to run another one in three weeks. But all around Ontario we need to be doing all we can at the community level to be encouraging people to take more personal responsibility and just stay fit and active longer.

On the issue of enforcement in long-term-care facilities, first, when you visited those long-term-care facilities you probably called in advance and told them you were coming, but when I go I don't necessarily tell them. This is one of the things we started to do with long-term care: We have surprise inspections. The principle is simple. On days when my mother is coming to my house and she lets me know, it's tending to be a lot cleaner than on those days when she shows up without notice. We apply the same principle to our inspection purposes.

From an enforcement standpoint, I don't think you can go into a long-term-care facility in Ontario today and not see a very present poster with a phone number. Here's what I know: In the basement of the Hepburn Block at Queen's Park in Toronto is a very dedicated group of people who work for the ministry at a thing called the Infoline. They take calls about health care questions on a wide variety of matters. But I had the opportunity to sit down with 16 people, I think it was, who were staffing the phone lines particular to the concerns around long-term care. It's a very high volume of calls, and we've put in place a fast inspection and enforcement capacity which I'm very proud of. We have more work to do on it and we intend to make it stronger, but already since January we've aligned resources in a way that means that if you phone in a problem about a particular long-term-care facility, that call is triaged by medical professionals and sent out to our ministry's regional office on an expedited basis for very fast follow-up and response.

The point here really is this: We're putting a lot in place, more resources to provide higher levels of care, resident councils and family councils, to make sure there is more community involvement in our long-term-care facilities. But we're also making sure that our inspection and enforcement capacities are enhanced, because the message has been sent very clearly that if you are someone who has been given the privilege and honour of running a long-term-care facility—I don't care if you're a for-profit or a not-for-profit—you have a very high obligation to some of the most vulnerable people in our society, and we will stand for no tolerance, zero tolerance, for anything that could be considered abuse or mistreatment of our seniors. That is different from the situation that we inherited as a government.

The last thing I'll say on this, because I'm out of time, is that shortly we'll have an opportunity for everyone to consider a piece of legislation that will strengthen even further these things and bring something that is long overdue, which is whistle-blower protection, to make sure that anyone who is working in a long-term-care facility has all the protection of the law to say loud and clear, "There is something going on here that I don't like." We will protect them and we will respond to it accordingly.

The Chair: Thank you very much, Minister, and thank you to your staff for being here today. We have reached the end of today's session. We have approximately five hours and 15 minutes remaining.

This committee stands adjourned until 9 o'clock tomorrow morning.

The committee adjourned at 1601.

CONTENTS

Monday 4 October 2004

| | |
|--|------|
| Ministry of Finance | E-47 |
| Hon Gerry Phillips, Chair of the Management Board of Cabinet | |
| Mr Colin Andersen, deputy minister, information and information technology cluster | |
| Mr Phil Howell, assistant deputy minister and chief economist, office of economic policy | |
| Hon Greg Sorbara, Minister of Finance | |
| Mr John Whitehead, director, personal income taxation and fiscal arrangements branch, office of the budget and taxation | |
| Mr Gabriel Sékaly, associate deputy minister, fiscal and financial policy division | |
| Mr Bill Ralph, chief executive officer, Ontario Strategic Infrastructure Financing Authority | |
| Ministry of Health and Long-Term Care | E-73 |
| Hon George Smitherman, Minister of Health and Long-Term Care | |
| Mr George Zegarac, assistant deputy minister, community health division | |

STANDING COMMITTEE ON ESTIMATES

Chair / Président

Mr Cameron Jackson (Burlington PC)

Vice-Chair / Vice-Président

Mr John O'Toole (Durham PC)

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge L)

Ms Caroline Di Cocco (Sarnia-Lambton L)

Ms Andrea Horwath (Hamilton East / Hamilton-Est ND)

Mr Cameron Jackson (Burlington PC)

Mr Kuldip Kular (Bramalea-Gore-Malton-Springdale L)

Mr Phil McNeely (Ottawa-Orléans L)

Mr John Milloy (Kitchener Centre / Kitchener-Centre L)

Mr John O'Toole (Durham PC)

Mr Jim Wilson (Simcoe-Grey PC)

Substitutions / Membres remplaçants

Mr Bob Delaney (Mississauga West / Mississauga-Ouest L)

Mr Jim Flaherty (Whitby-Ajax PC)

Mr Peter Fonseca (Mississauga East / Mississauga-Est L)

Mr Jeff Leal (Peterborough L)

Mr Michael Prue (Beaches-East York / Beaches-York-Est ND)

Also taking part / Autres participants et participantes

Mr John R. Baird (Nepean-Carleton PC)

Ms Shelley Martel (Nickel Belt ND)

Clerk / Greffier

Mr Trevor Day

Staff / Personnel

Mr David McIver, research officer,

Research and Information Services

Ms Anne Marzalik, research officer,

Research and Information Services

E-6



E-6

ISSN 1181-6465

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Tuesday 5 October 2004

Journal des débats (Hansard)

Mardi 5 octobre 2004

Standing committee on estimates

Ministry of Health
and Long-Term Care

Comité permanent des budgets des dépenses

Ministre de la Santé et des Soins
de longue durée

Chair: Cameron Jackson
Clerk: Trevor Day

Président : Cameron Jackson
Greffier : Trevor Day

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 5 October 2004

Mardi 5 octobre 2004

*The committee met at 0906 in room 151.*MINISTRY OF HEALTH
AND LONG-TERM CARE

The Chair (Mr Cameron Jackson): Good morning. I'm pleased to call to order the standing committee on estimates. We are currently with the Honourable George Smitherman, Minister of Health and Long-Term Care. We have five hours and three minutes remaining.

In our normal rotation, does the committee wish to use 15- or 20-minute rotations? I'm open to a suggestion. When we last did it, they were 10 minutes, so tell me what time frame you would like. Twenty minutes? I'm hearing no objections. Fine. Please proceed, Mr Baird.

Mr John R. Baird (Nepean-Carleton): Minister, I want to come back to the issue of hospital funding. There are 150-odd hospitals in the province. Many are having significant concerns and problems. I wanted to talk about two hospitals that I know best, but it could just as easily be the London Health Sciences Centre, a hospital here in the greater Toronto area, Hôtel-Dieu in Windsor or a hospital up north.

I want to come back to two hospitals that I know best, starting with the Queensway Carleton Hospital, which, some five to five and a half months into the fiscal year, discovered that they are only receiving a 0.6% budget increase. Health care inflation, according to the Ontario Hospital Association and its president, Hilary Short, is running well in excess of 7%. The hospital put in a somewhat modest request, below the rate of health care inflation, of between 4.5% to 5%. Five to five and a half months into the fiscal year, when they've already spent almost half their budget and when they have a requirement to give a six-month notice of any layoffs, due to the collective agreements that are negotiated centrally, and given that 75% to 80% of their costs are labour, what sort of advice would you have for them at the Queensway Carleton Hospital about what they're to do with a 0.6% budget increase?

Hon George Smitherman (Minister of Health and Long-Term Care): I think the member will know by now that his repetitive use of that figure—notwithstanding that it's not an accurate figure.

The first point I want to reiterate is the point I made yesterday, and that is that Ontario hospitals were provided with a significant amount of notice about

expectations for this coming fiscal year. We did that, frankly, in response to the realities that we were confronting as a new government, a government that had the residuals, the left-behind legacy of fiscal mismanagement that is now the legacy of your party.

The fact of the matter is that, on the issue of hospital funding, not only were we confronted with the challenge as a new government of providing \$385 million in a deficit bailout, we were a government that was struck—or perhaps I should say stuck—with the reality that, under the direction of a former Minister of Health of your government, hospitals were directed to bury unpaid operating bills from two fiscal years in their working capital deficits. This is a number that's well beyond the work that the former Provincial Auditor did. We further acknowledge that those directions from then health minister Tony Clement to hospitals buried a further \$721 million in unpaid operating bills from two fiscal years in the working capital deficits of hospitals.

On February 24, I had the opportunity, in what I think would be characterized as a major speech to the Economic Club of Toronto, to highlight to hospitals that the outlook for the 2004-05 fiscal year was one where the double-digit increases that had become the norm in hospital funding should not be the expected norm, that it wasn't an appropriate operating mentality or expectation given the fiscal challenges that we were confronting, and particularly given the reality that, as a government, we are inclined to move forward in a different approach than your government followed, which was all the money for hospitals and no money for community. Instead, we viewed that it was important to make a financial contribution in the health care sector, addressing it and recognizing it for its entirety as a sector. So we brought forward a budget subsequently that did a few things.

It put \$469.5 million of new funding into Ontario hospitals. This is, again, on top of the \$385 million which we had, only a few short months before, provided. In addition to that, it made the single largest investment in community-based care that had been seen in Ontario, some people tell me, in its history. That included a \$600-million investment over four years for primary health care reform; the construction of family health teams, something that we're really excited about; a \$103-million expansion to home care; \$29 million for community support services; and a variety of other initiatives which were designed to create a health care system that was

more in balance—and all of these community investments designed to help take pressure off hospitals.

The Queensway Carleton Hospital that you refer to quite specifically in your question has been the recipient of four or five different funding contributions from our government this year. The original amount had a slight clawback associated with it because Queensway Carleton missed hitting some volumes that they had committed to. In addition to that, though, they received \$2.7 million in one-time funding. In September, they received an additional top-up of \$440,000. Then they were awarded \$6.3 million, for a total of \$7 million. Then they got \$800,000 for the operation of an MRI. Now, I know that's an MRI that you're very sensitive to because you announced it. But I just want the record to show that while you might have announced it, we're the government that actually found the fiscal wherewithal to pay for it.

My point here is that the Queensway Carleton, in a letter that was printed on September 30 in the Ottawa Sun—the chair of the board sent this letter: "On behalf of Queensway Carleton Hospital's board of directors, I wish to thank Premier Dalton McGuinty and Minister of Health George Smitherman for the official confirmation that the Ministry of Health and Long-Term Care will initially invest \$6.3 million to allow QCH to begin ramp-up of services in our new expansion; an expansion which will allow us to continue our excellent record of health care delivery through an enhanced and expanded emergency department, a new 12-bed intensive care unit, more in-patient medicine and geriatric and rehabilitation beds."

I just want to make the point that there's no doubt whatsoever that we face extraordinary challenges on the hospital-funding file. The public record is loaded with references to our acknowledgement of the incredibly great work that our hospitals do. Like everybody else in health care, including governments, it's a struggle. But it is a struggle to provide care in all parts of the health care sector. The approach that we've taken is one which is really designed to recognize, for the first time in a long time, that we're all in it together, that different parts of the health care system need to function in order to take pressure off our hospitals. So we believe that these things combined—

The Chair: Thank you, Minister.

Mr Baird: I'll go through these numbers.

The operation of the MRI, the \$800,000: Obviously that will have to go toward operating the MRI, not to the baseload of services that the hospital provided in the last fiscal year.

The \$6.3-million operating costs for the expanded QCH is obviously tremendously important. It doesn't go all the way to funding the new wing at the QCH, but, again, it doesn't affect the operation of the hospital, the core set of services that they had to provide last year.

The budget increase, according to your ministry, according to the hospital administration and according to the hospital board, was a base increase of 0.6%, so I want to talk very specifically about the set of core services that

got a 0.6% budget increase and what your expectation is, as minister. We were five and a half months into the fiscal year when you made the announcement. They can't retroactively go back and cut expenses for the nurses, the gentleman that pushes the broom, the woman who works in the cafeteria and the secretary who works in administration. They can't retroactively go back and open their paycheques. They're required, on a go-forward basis, to give six-months' notice of a layoff, if they can find an efficiency. I would argue that with the operational review conducted by your ministry some two and a half or three years ago, they've implemented just about all of the requirements there.

So I want to come back, very specifically, to this point: How do you, as minister, expect them to deal with that? I'm sure that there are many people who would welcome the wide array of investments you've outlined in other areas. But for this hospital board, they're facing a challenge. Do they cut services? Do they run a deficit? Or do they seek your wise counsel? What can I tell them that you specifically said for them to do in this regard?

Hon Mr Smitherman: I'd say first off that I don't think you need to tell them anything, in the sense that Ontario hospitals, I think, are in a very clear understanding about what their obligations and responsibilities are at the moment. I want to make a few points.

First, hospitals have 18 months to get in balance. What we've looked to do is move beyond the declaration-of-crisis point, which is the culture we inherited from your fiscal management. That is a cycle that I think everybody in their quiet moments is prepared to acknowledge as being a very problematic cycle.

I didn't have the benefit of being at your cabinet meetings but I have had the benefit of speaking to some former cabinet ministers from your government who have acknowledged that hospital funding is one of those struggles that really did bedevil the former government in its last five years, and particularly the contribution you've made, that I don't think you should escape, to the culture that was created. The culture that was created was one that is not viable. It is not a viable premise, when all of us are obligated to live within what is allocated to us, to send another bill along at the end of the year and say, "Please pay this as well." So we've initiated changes in the way we're going to fund hospitals.

Hospitals came back and said, "We've got some work to do. It's going to be challenging," which we all acknowledge. So they said, "Give us 18 months to get the job done." We've extended the balance period to the end of 2005-06. That provides a little bit more opportunity for people to make the right decisions.

The second point that I think is important to make—and it's not a point that you were, I think, in sync with yesterday—is that we are in an era of restraint as it relates to health care spending and as it relates to labour costs related to health care. No doubt about it, this is a message that has been sent strongly and it needs to be sent repeatedly. The reality is that we can't afford, in our province, to pay a lot more for what we already have if

we're going to be able to meet the expectations of expanding services.

I'll make the point as well that in less than a year in office our government has introduced \$854.5 million in new base funding to Ontario's hospitals—nearly \$1 billion in less than a year in office. I think that's a significant number that needs to be considered here. Just before the numbers for 2004-05 were allocated, we had just brought their base budgets up to a level of their last day of 2003-04. In other words, they started the fiscal year at a very high number, just having had a significant injection of new resources. Further, we've acknowledged \$721 million in debts that are the leave-behind and legacy of your party while in office.

This is where we're at today: By 15 October, Ontario's hospitals will begin to file plans with the Ministry of Health which indicate the steps they have taken, that they have under consideration or that they may need to take in order to be able to get their budgets in balance.

I had a good meeting last Friday with the board chairs and vice-chairs from the Ontario Hospital Association. I think we're in a very clear understanding that we've all got some more work to do. If you go back to my announcement in July, what I said then and what I'll repeat now is that the ministry is going to deal with these on a case-by-case basis and work them through. We know there are some challenges out there, for sure, and we're ready to bring all the best advantages of the health care system to help.

What I mean by that is that if there's a hospital, as an example, that's struggling to come in balance or what have you, and we have good role model hospitals that have gone through some of the same tough things and got to the other side, then we're going to bring those forces together and make sure the system helps the system. My point here is that we're going to work our way through these challenges and assist local community hospitals all across the province to get books in balance and to create a sense of fiscal stability related to the hospital sector, which I can assure you is essential for all of us to make medicare in our province sustainable.

Mr Baird: In your judgment, is it acceptable to run a deficit this fiscal year for hospitals in Ontario?

0920

Hon Mr Smitherman: Hospitals know that what's expected of them is to get in balance by the end of—

Mr Baird: I hear you on that, but is it acceptable for hospitals like the Queensway Carleton, under your tenure as Minister of Health, to go into deficit this fiscal year?

Hon Mr Smitherman: The only situation in which it's going to be appropriate is where there's a plan in place overall to have the books in balance by the end of 2005-06.

Mr Baird: So you want to say it's acceptable this year.

Hon Mr Smitherman: I know what your question is. I'm not going to sit here and condone deficits.

Mr Baird: Isn't that what you're doing?

Hon Mr Smitherman: I am not going to condone deficits; no. What I'm going to do is recognize something that while your party was in office you seemed to have a bit of a difficult time with, and that was recognizing that it was—

Mr Baird: You seem to be having a difficult time too.

Hon Mr Smitherman: I think, with all due respect, it's a little early for judgments. I think we're making a lot of progress. As I said, I guess I had the advantage of a good meeting that took place on Friday out at the airport with the OHA board chairs and vice-chairs. I think we're going to work our way through these. There's no doubt whatsoever that some Ontario hospitals are going to need more help, more practical assistance, and we're ready to go in there with our equivalent of turnaround teams and assist them in any way we can.

Mr Baird: What do you say to hospitals that have already had turnaround teams, that have had operational reviews conducted by your ministry, have found efficiencies, where operational reviews conducted by your ministry have gone in and said, "Wow, the group of men and women running this hospital are running an efficient show. Yes, they can find a per cent here or a per cent there, but by and large they're doing a good job"? Or a hospital like the Ottawa Hospital, where they cut 5% of their budget after that review and run a more efficient operation?

Hon Mr Smitherman: I think that's evidence that we're going to have a good chance on a case-by-case basis to review, and I'm really looking forward to it.

Mr Baird: But what is the expectation of those hospitals? One of the reports that your ministry commissioned identified the top 25% of hospitals that you could characterize as being good fiscal actors who operate efficiently and, if you could get the bottom 25% to adopt those standards, what sorts of savings could be achieved. But what do you say to those top 25% of hospitals that are being run efficiently? They might be paying some sort of price for operating efficiently in recent fiscal years now that the budgets are becoming tighter. Those hospitals are getting well below the average and you're giving—what?—4.5%, 4.6% on average to hospitals, but some are getting substantially lower than that, such as the hospital in my riding and in Mr McGuinty's riding.

Hon Mr Smitherman: I think the evidence is there. This is an evidence-based process, much more than at any time in the past, and a lot of the funding decisions that have been made are based on a funding rationale that's been developed, working between the Ministry of Health and Long-Term Care and the Ontario Hospital Association through something called the JPPC. The J is the operative letter because it means "joint," and the P means "planning."

On lots of these issues with respect to the rationales related to who gets what and when, we've been working on this using peer group data from I think 16 or 18 different hospitals and measuring against that. It's a complex funding formula, for sure, but my expectation—and I think that's the question you've asked—is that the

boards that are responsible to govern these hospitals will play their role and fulfill their obligations to provide information to the ministry; that on a case-by-case basis we're going to work through and determine what kinds of steps might be necessary for any of those hospitals that are having challenges.

I will note that just one very helpful short example would be Guelph General. Guelph General is a hospital that was facing a deficit. By memory, I think it might have been \$2.3 million. They did a bunch of hard work and made some very tough choices, but at the end of the day they've been able to make decisions and cast a budget for the fiscal year and for the period going forward that allows them to hire more nurses and stabilize the quality of their workforce.

Mr Baird: What budget increase did Guelph General get? Did you give them 0.6%?

Hon Mr Smitherman: I'll get you the number.

Mr Baird: I'm going to bet, Minister, that it was more than 0.6%. It would make it easier to balance your budget if you were to get more money.

Hon Mr Smitherman: Well, your hectoring notwithstanding, I think it's important to note that I told you earlier that the numbers you were constantly pumping out there are artificially low, and I think you know that.

Mr Baird: No, I don't know that. That's the number the hospital gave me. That's the number on your own ministry documents for the baseload of services they provided last year. Last year they didn't operate an MRI, so they didn't need the \$800,000 because it wasn't operational; this year they do because it is operational, because your ministry gave them the green light to go and purchase it. But last year they didn't have a requirement for \$8 million in new operating funds because their expansion was under construction and there were no nurses providing care in that hospital. So I'm talking about the baseload of services that were operated last year that require operation this year for people in my community.

Hon Mr Smitherman: I guess you haven't spoken with the hospital quite recently enough, but—

Mr Baird: I spoke to them yesterday.

Hon Mr Smitherman: Well, then, they forgot to mention that they got an additional \$440,000 in September that goes into base, and—

Mr Baird: Is that going from 0.6% to 1%? Because they haven't seen that money.

Hon Mr Smitherman: If they haven't seen it, they're certainly aware of it, because—

Mr Baird: But they haven't seen it. They have to meet a payroll, Minister, and they haven't seen the money, and if they don't get the money, they can't meet their payroll.

Hon Mr Smitherman: With all due respect to your supposed knowledge about the cash-flowing operations of Ontario hospitals, if the hospital's in a situation where they're having difficulty meeting a payroll, as does occur in Ontario hospitals from time to time—

Mr Baird: Yes, when they get 0.6%. They have trouble getting the payroll—

Hon Mr Smitherman: —they know that the ministry's regional office is prepared to assist them if that's the circumstance, or the board chair or the hospital CEO can be in contact.

In all instances, the real message here is that there are lots of challenges we face across the breadth of 154 hospital corporations in the province of Ontario at any one time. Some of them are struggling. That's very, very clear.

Mr Baird: They're struggling because they get 0.6%.

The Chair: Mr Baird, that's the end of this round.

Hon Mr Smitherman: It's important, if your hospital is having those challenges, that they be in touch with the regional office.

The Chair: Ms Martel.

Ms Shelley Martel (Nickel Belt): I want to return to the questions on long-term care that I began yesterday. Minister, I specifically want to start with the election promises that were made by your party with respect to long-term care. In your health care document, on page 10, you were really critical of the former government for removing standards of care in nursing homes. You said specifically what the Harris-Eves record on seniors showed: "Removed standards that made sure all nursing home residents received at least 2.25 hours of nursing care daily and three baths per week." You said that you were going to "set high standards for our nursing homes and regularly inspect them to make sure those standards are being met."

We discovered yesterday that, although you made an announcement about bathing regulations in May, those haven't been passed yet and you expect them to be passed in about six weeks. Then I'm quite sure I heard you say that you were not going to be implementing a minimum standard of care for nursing homes, but I wonder if you could just confirm that for me as I start this line of questioning.

Hon Mr Smitherman: I can confirm it or—I answered the question—

Ms Martel: Are you going to reinstate the 2.25?

Hon Mr Smitherman: I answered the question yesterday directly, and I'm pleased to answer it again.

Ms Martel: OK, let me just confirm again. Are you going—

Hon Mr Smitherman: No.

Ms Martel: So in fact you don't have any intention of keeping the promise you made in your election document, even though you were quite critical of the former government for cancelling the 2.25 hours of nursing care. I certainly remember Mr Gerretsen calling for a reinstatement of that. I heard Ms McLeod call for a reinstatement of that as well when you were in opposition.

Can you tell me why, now that you're in government, you are no longer interested in implementing a minimum standard of care, even though you were very critical of the former government when they cancelled it?

Hon Mr Smitherman: I'm very pleased to tell the honourable member, who seems to have missed some of the action on this file in the last year, to recapture that. Here are the circumstances that we encountered upon taking office. There were stories on almost a weekly basis of serious concerns related to the quality of care being provided in our long-term-care residences. This came through in a fashion that was emotionally impactful for many, of course.

My parliamentary assistant, Monique Smith, went about the province doing a series of unannounced visits to long-term-care homes, as did I. She met with stakeholder upon stakeholder and produced a report that has been, I think, if not universally then awfully well acknowledged to be a document which captured both the sense of the challenge that was out there and some of the best practices in place at long-term-care facilities, and developed a very direct go-forward plan to restore a level of confidence to meet what I like to refer to as an Ontario standard.

0930

On the issue of long-term care, I think that in the course of our government's path—11 months and a couple of weeks or so—we've dramatically reformed the long-term care product in the province of Ontario.

How have we done that? We have done that through a wide variety of initiatives designed to drive the words "home" and "community" back into long-term care and to make sure that in the institutional environment that connection to community and culture and a sense of home and being was created for people who were living in those communities.

How did we do that?

Ms Martel: My question was minimum standards of care. That's the question I'm asking.

Hon Mr Smitherman: Standards of care certainly are among the elements of the package that we've moved forward on. Regulations that we discussed yesterday to restore a standard where there is 24-hour RN coverage and a minimum standard with respect to bathing requirements, are two very, very strong standards that are important. At the same time, we've also brought money. We've brought money in the form of \$191 million annualized to improve the quality of care. We're putting our money where our regulations are.

To back up those enhanced regulations, we're sending 2,000 new employees to the front lines of long-term-care facilities in the province. That will consist of at least 600 registered nurses, who, as I mentioned earlier, will need to be on call 24 hours a day.

In addition to that, we've enhanced our enforcement and inspection capacities. The principle, the culture, of the unannounced visit is now the ongoing culture in long-term-care facilities in the province of Ontario.

Ms Martel: Let's stop there. Let's go back to the promise, because you were clearly critical of the former government for cancelling the standards.

If you take a look back in the last year and see some of the statements and comments made by two of your own

colleagues, Mrs McLeod, when she was here, and Mr Gerretsen, you will see that they were very critical of the former government and that they repeatedly said that a Liberal government would reintroduce minimum standards of care.

In fact, Dave Levac, one of your own members, in February of this year at a meeting with SEIU in his community, said the government would have to go beyond that because it was clear that residents coming into long-term-care facilities had much higher needs.

Now you're telling this committee that, frankly, you have no intention of bringing in minimum standards of care.

It is true that Ms Smith met with stakeholders. Here's what some of those stakeholders had to say with respect to a minimum standard of care.

This is the presentation by ONA to Monique Smith on May 3, 2004, under the title "Immediate Actions."

"1. Interim base staffing levels

"The government must reinstitute, by regulation, a minimum staffing formula. We recognize that the pre-1996 formula of a simple 2.25 hours of care per resident ... does not make sense in an environment of levels of care classification where residents in different homes will require different amounts of care."

That's why they propose tying staffing levels to acuity and occupational levels.

They said, "Nevertheless, there has never been any justification for the elimination of the 2.25 hours...."

That's what they said.

CUPE, when it met, and as recently as last week in a press conference they had here talking about the situation in long-term-care facilities, said there should be a minimum 3.5 hours of nursing care per day per resident because of the increased level of needs of residents going into our long-term-care facilities.

SEIU, which also represents workers in long-term-care facilities—thousands and thousands, I might add—has also been very clear in calling on your government—and this was in their presentation to Monique Smith as well—that your government should implement a minimum staffing standard of 3.35 hours.

Those are the stakeholders, some of whom Monique Smith met with. These are the people, I remind committee members, who actually deliver the front-line care in our facilities.

ONA represents 3,500 RNs, RPNs and health care aides in long-term-care facilities. CUPE represents 1,000 workers in 18 facilities. SEIU represents thousands more.

These are the people who actually work with the residents every day and who have told Monique Smith and your government very clearly that what is needed is minimum standards of care and to ensure that money which goes into the homes actually goes into increasing the number of staff dealing with residents.

I should remind you, Minister, that even with your announcement of 600 new nurses, that works out to about one nurse per facility across the province. That one poor full-time nurse now being hired is not, despite his or her

best efforts, going to be able to make a huge difference in providing quality care to residents.

The 1,400 new front-line staff positions that this money is going to hire, that's maybe 2.25, maybe two, new full-time positions per day.

I regret to say that that is probably not going to meet the needs of residents who have seen their level of care drop to two hours a day directly as a result of the cancellation of minimum standards. That was clearly demonstrated in a government study funded by the Ministry of Health released in 2001. CUPE, SEIU and ONA, the people who represent front-line workers, have said that you need minimum standards of care, because if there aren't any standards of care in place by regulation, regrettably, too many operators will operate to the lowest common denominator and the lowest possible staffing level.

You and your party made a commitment to have minimum standards with respect to care, to have a regulation to that effect. Why won't you do that now, especially in the face of the call of front-line providers telling you that you should do that?

Hon Mr Smitherman: I think it's incredibly important to acknowledge that this is a file that has had a lot of work done on it since we came into office. I'm more proud of the progress we've made on long-term care than on any other file that I've had the honour and privilege as Minister of Health of putting my fingerprints on. I say that because I have had a chance to weigh a lot of information and I have had the opportunity to feel a community move.

You're obviously raising voices from people who are important.

Ms Martel: Front-line staff.

Hon Mr Smitherman: Pardon me?

Ms Martel: Front-line staff, who are providing care to these residents. Probably they know better than most about what they can do and what they need to improve that quality of care. What do their voices account for?

Hon Mr Smitherman: Is it a back-and-forth now, Mr Chair?

The Chair: I think you're handling yourself quite well, Minister. Please proceed.

Hon Mr Smitherman: I think it's important to recognize a few things that have changed as well. One of the things that we instituted related to accountability with respect to hospitals is the principle of a sign-back letter, where, when resources flow for a particular purpose, there is a sign-back that ensures their greater accountability. In addition to the regulation standards that we're putting in place with respect to making sure there is a registered nurse again in every one of our long-term-care homes 24 hours a day, in addition to the standard that introduces minimum requirements for bathing again, we're using the capacities and the accountability related to the sign-back letters, keeping in mind that we have new accountability agreement arrangement capacities as a result of our government's Bill 8 with respect to long-term-care homes. The funding letters go further in terms

of defining the minimum expectations with respect to the quality of care that's provided in long-term-care homes in our province.

What you're looking for is a standard that is established only in regulation. What I'm looking for is a standard that is achieved through a combination of regulation, funding that is tied with accountability agreements and sign-back on funding letters, a new culture in long-term-care homes that has a much stronger mandated voice of family and resident councils, and a dramatically enhanced inspection and enforcement capacity. In the last year, inspections increased 61%. Complaint investigation levels have risen to 93%. This is evidence of the extent to which we've dramatically enhanced our enforcement capacity.

My message to anyone who is listening in with respect to long-term care is that as a government that faced a situation where we could not be assured that the quality of care being provided in long-term-care homes across the province was meeting an appropriate Ontario standard, as a result of the initiatives that we've been involved in, there is a much greater degree of confidence about that in Ontario.

But we are not going to rest on the work that we've done to date. My colleague Monique Smith did a good body of work, and part of the body of work that she did was helping us to home in on what legislative requirements might require change. I'm very pleased to say that we will have a piece of legislation with respect to long-term care. Public comment will be available on it shortly. It will, as an example, include something that front-line workers have been calling for, and that is significant whistle-blower protection.

0940

I also want to read back to you—you mentioned the Ontario Nurses' Association. This is a May 11 media release from the Ontario Nurses' Association. I'll provide a copy and the clerk can pass a copy out. "Nurses Say Senior Care Reforms Long Overdue." This was in response—you'll remember that bright sunny day on May 11—to our government's actions.

The first line says, "The Ontario Nurses' Association ... welcomes the provincial government's plan for comprehensive reform of the long-term care system, and urges its speedy implementation." I'll provide that to the clerk.

I think it is evidence that people on the front lines understand that as a government we're moving forward with comprehensive reforms with respect to long-term care that are going to give them a stronger voice, more workers to assist them on the front line, re-establish minimum standards, work through the accountability agreement powers that we have to establish further standards in areas of increased registered dietitian staff time per resident, increased personal support worker staff time per resident and an increased level of social programming provided by people in these facilities.

I think there's ample evidence that we've made significant progress on this, but we have more work to

do, including a piece of legislation, and I'm looking forward to bringing that forward to the House as soon as we can get it there.

Ms Martel: Let me quote them again, because this was their presentation to Monique. "I. Immediate Actions". The number one immediate action is, "The government must reinstate, by regulation, a minimum staffing formula...."

"ONA proposes to tie staffing levels to acuity and occupancy levels. Increases in acuity and/or occupancy would result in proportionate increases in staff." That was their number one recommendation.

What I find interesting is that you're prepared to re-establish two of the minimum standards that were cancelled by the former government and not the third, even though I recollect very well any number of your colleagues saying that a Liberal government would. You're telling us that in six weeks we will finally see a regulation with respect to bathing and in six weeks we will, we hope, finally see a recommendation with respect to having an RN full time in every facility in the province, but you are backing away from the commitment that was clearly made by your colleagues and by you in an election platform with respect to minimum staffing levels.

Yes, I am looking for a regulation with respect to minimum staffing levels, because when there is a regulation in place, then you can have some enforcement. When there isn't a regulation in place, it's very difficult to tell a particular home, "You are not providing adequate staffing for a behavioural therapist, for a dietitian," etc. If you don't have those minimum levels in place, the result is going to be the same that we saw when the former government cancelled minimum standards, and that is, Ontario residents regrettably—really regrettably—at the bottom of the heap at all levels: in terms of direct hands-on nursing care, nursing interventions, interventions with respect to behavioural treatment, with respect to occupational therapy, physical therapy etc. Yes, I do want a minimum standard. That's what your colleagues wanted too before the election. That's in fact what your party promised before the election. And no, I don't understand why it's good enough to bring back two of the three regulations that the Tories cancelled, especially in light of the fact that those people who deliver front-line care—RNs, RPNs, PSWs, health care aides—are all calling on your government to do that.

What is the problem, Minister, in reinstating a minimum standard of care tied to acuity levels to ensure that every facility, every home operates to the highest standards instead of operating, regrettably, as some operators do, to the lowest when there is no regulation in place to force them to do otherwise?

Hon Mr Smitherman: A few points: First, you quote from a presentation to Monique Smith from ONA. Monique Smith files a really substantial report with me; we come forward with an action plan; ONA says, "Not so bad."

My point here is that I think it's incredibly important to recognize how much change has occurred, how much

progress has been made on this file in reasonably short order, and how much more we've committed to do with respect to a piece of legislation.

One other thing that I think is incredibly important that you begin to consider is that as a government, something we did very early on, in a piece of legislation that you opposed, was create the mechanism for a very powerful new tool in the funding relationship between the government of the province of Ontario and those hundreds and hundreds of organizations that provide direct services to our patients, and that is accountability agreements. The point here is that we now have a tool that previous governments lacked in connecting our funding to the desired and achievable outcome. We believe that, on the basis of the things that we will restore in regulation, the new funding that we've put in the system—particularly given the fact that we've been able to, through the funding letters and subsequently through accountability agreements—we will be in a position to ensure that the dollars allocated to the health care sector for the kinds of care that we've been talking about for the last 10 or 15 minutes are delivered. The effect of this will be that we will achieve higher than the minimum standard that you continue to speak about.

We will get there as well with two other important points in mind. The first is that we're trying to reconnect community with long-term-care homes. We've all been in those homes that are great. The Chair's probably been in more long-term-care homes than any of us, given his former role. I've gone on unannounced visits, and I've had the opportunity to see lots of terrific care and some that seemed a little bit less so. But we're moving forward in a way which is designed with significant action in four or five different areas to create a comprehensiveness to the nature of the reform that's going to give us a chance at changing the culture. I think that ONA, by evidence by their release on May 11, saw the evidence of a government now in office who had the opportunity and moved on it.

I'm very, very proud of the reforms that we've made and continue to make in reshaping the culture of long-term care in the province.

Ms Martel: Do you think that ONA is now calling for a minimum standard of care as a result of their release on May 11?

Hon Mr Smitherman: What I know from ONA is that they're able to conduct a discussion on more than one point.

The Chair: Thank you very much, Ms Martel. Mr McNeely?

Mr Phil McNeely (Ottawa-Orléans): I know the government's moving ahead with dealing with the doctor shortage and moving our health care system toward primary health care. As part of the budget announcement, there are 150 family health teams coming forward. Can you give us the status of those health teams?

Hon Mr Smitherman: Yes, I'm very pleased to. Yesterday, I had the opportunity to meet with our health results team. This is the seven members of our trans-

formation team that are helping to fuel, to propel forward some of the initiatives that we think are essential to creating a health care system which is working better for patients, to put it bluntly. Family health teams are an essential element of that. Family health teams are something that we ran on in the election that are informed by what we've seen working well at the grassroots community level in a bunch of places in Ontario, when you can bring a team of health care professionals—a doctor, a nurse, a nurse practitioner, a pharmacist—working together as a team with the same group of patients in mind. Family health teams—we're going to roll out 150 of them. The first 45 will be announced this year.

Dr Jim McLean, who himself is a family doctor and the CEO of Markham Stouffville Hospital, is leading this initiative on our part. He's assisted by Dr Ruth Wilson from Kingston. We fully expect that we'll have good-quality uptake, and that communities across the province of Ontario will begin to be the beneficiary of family health teams late in 2004-05 and moving forward with 150 of these over the course of our mandate.

Mr McNeely: Much of the primary care will be delivered by nurse practitioners. To grow a doctor, it takes 10 years; a nurse practitioner, maybe five years. Is that going to be one of the directions we go in?

Hon Mr Smitherman: I think it's part of it, but I think it's also about making sure that, in health care, everybody is operating to the fullest extent of their training. That's often referred to as "scope of practice," and it's a pretty challenging thing.

Family health teams are operating on a simple premise that if the alignment is such that a doctor is working in solo practice independently and a mom has a baby to take back for weighing, the doctor's going to be the one doing that. I think we all recognize that there are a broad array of tasks that a doctor might perform that could as easily be performed by other health care professionals. I think it's important to make sure that we're lining up a team practice to be able to do that.

0950

In terms of our capacity to produce nurse practitioners, one of the incredible experiences I've had as a Minister of Health is to travel to pretty vast parts of the province and really get a flavour of the diversity of deployment of nurse practitioners. So we continue to be in favour, and that's why we're enhancing our capacity to produce them. But I think the real message there that I want to continue to deliver is that it's really about a team and making sure that the most appropriate member of the team is the person deployed.

Let me just give you one more little piece of flavour. Imagine, as an example, that a group of health professionals came together and they were serving a population health base of people who were predominantly seniors. I think it would make a lot of sense to have a pharmacist working in that environment to assist people because of the challenges related to medication.

If a group came together and was practising for a population health base that was in, for example, the

member from Pickering's riding—I'm sorry I didn't get the whole name of the riding there; the Pickering part is important because it's a community with lots of young families—it might be appropriate then to have resources that are aligned to assist people in dealing with the challenges related to kids.

This is the kind of flexibility we're going to see in family health teams. They're not going to be Queen's-Park-imposed. They're not going to be overly prescriptive. Communities are going to help to develop them.

Mr McNeely: In Orléans, we're 100,000 people in the community. Some staff have done an investigation, and there are no doctors taking new patients. I've discussed that situation with doctors in a privately run clinic. They run a good show, probably 10 doctors, 10 years—a great record. They're trying to go 7/24, which is a real need for the community and would help. They can't find the doctors. Is there a way that they can interact with your ministry to look at whether they can come up with the 7/24 by using the team approach? Is that something they can do?

Hon Mr Smitherman: I don't know enough about it exactly, but if they're currently operating, if they've already come together, there's going to be a strong chance that they can evolve a little bit further down the primary health care track toward this kind of practice.

Let me say a couple of words on doctor shortages. It's a tough challenge for communities, and you can't help but be in this position for very long before you hear some heart-wrenching stories. We're prepared to be measured on the basis of more access to family docs. The fact of the matter is that this issue is the legacy of those two parties when they were in government.

The member for Nickel Belt's party had a philosophy in the early 1990s which was, if you don't mint new doctors, you don't have to give them an OHIP billing number, and that will save us money. So they choked off the supply of doctors by closing medical schools, effectively. They weren't the only ones who followed that practice. Because the production line for doctors is such a long one, it creates a real hardship. The previous government did increase medical school spots but they waited for several years after they were a government. So those two things really create challenges.

I think the hopeful news is that, first off, since we became a government, we've dramatically enhanced the capacity to get foreign-trained doctors into service faster. When we came into office less than a year ago, IMG-Ontario had the capacity to give residency spots, the last training piece, to 90 foreign-trained professionals. We've got 167 in residency right now, and in December, 550 students will sit for an exam and 200 residency spots will be allocated from that. So on the IMG front there's more progress to be made. Sure, we all know people in communities who are ready to provide that kind of help, and we've enhanced our capacity. We have more to do on that, but we've made good progress.

Secondly, the Northern Ontario School of Medicine—something the previous government did initiate; we were

strong advocates and I think all parties probably were advocating for it for the north—is coming on-line, and in September 2005 the first class of 56 students will sit.

The other point is, with respect to family practice, which is at the heart of your question, I think I said yesterday that when we went into the negotiations with the Ontario Medical Association, the first priority for both sides—and this is the language I've had approved with the two presidents I've dealt with—is to enhance the viability of the family practitioner, to send the strongest possible message that we want doctors practising again in communities, because we believe the best health care is the health care you find as close to home as possible. We've really worked hard to try and send those messages. I've gone to the campuses of medical schools and sent the message that we think family practice is where it's at, and our family health team model is a very appealing practice model for a lot of the docs who are up and coming.

Mr McNeely: That's one of the issues, of course: Family doctors are retiring. I've had two retire in their 50s because they have a better option. I'm presently waiting to get a doctor to take me. When do you think we will see improvement in the ability of someone to get a family doctor, the ability of someone to get treatment, rather than going to emergency at the hospital? When do you see changes starting to occur? These are very slow-moving; they have to be slow-moving when you wait so long for a doctor.

Hon Mr Smitherman: For me the measurement index in health care, facing the realities that we're facing, is that if you track the underserved communities on a graph, they've just grown and grown. The first challenge, of course, is to stem that tide and then to reverse it. My impression about this is that what we need to adopt for health care is the theme I've tried to adopt for myself personally, recognizing that I have a long distance to travel to be the healthiest person I can be, and that's continuous improvement. I think this is what we're going to be able to demonstrate.

The challenge, of course, is that if you're in an Ontario community today and you're struggling with access, that's a significant hardship, but the combination of things we're doing—enhancing the viability of family practice; introducing care models like family health teams that are really going to give a boost, because it's a whole interdisciplinary team of people—is going to have the effect of maximizing benefits.

We're making investments that are designed to keep people healthier in the first place, vaccinations and the like, and really promoting a healthier agenda, with active campaigns against tobacco and addressing things like obesity. One of the most significant improvements we can make is to help people to have a better understanding of the things they can take personal responsibility for to address their underlying health status.

That's a really long answer—not that that's the first long answer. I sometimes go to events and the answers I give to the questions they ask are longer than the speech I give.

I think Ontario communities will begin to see for the first time in a long time signs of progress, but because we are really starting from such a significant deficit, with between 800,000 and one million Ontarians reporting not having access to a family doc, we've got our work cut out for us. I think, against that measure of continuous improvement, we're going to be able to demonstrate that things are improving continuously.

Mr McNeely: Just one more question, which relates to the last part of your answer. It's the public health nurses and that budget the municipalities have. We've uploaded some of the costs. I think we've gone to 75% funding from 50% funding, but still the municipalities that are under pressure are cutting those budgets. What can we do to put the municipalities—if they're going to get a higher degree of funding, that they increase their budgets and not lower them. The public health nurses can get a lot of the message out. I've worked with them to get the no-smoking campaign going in schools. It's been very effective. How can we get the municipalities to make sure their budgets increase for that aspect?

Hon Mr Smitherman: I'd say is that I'm not sure if that's a bit more the Ottawa situation, but typically public health budgets in Ontario are not decreasing. They are under a lot of pressure and they've been under upward pressure for quite a long time. So the efforts we've made that are contained in this year's budget are very significant because we've put more money into the system—I think an injection of about \$40 million—and in addition to that sent a signal to municipalities that we're going to continue to take back some of the costs they've been bearing for a long time.

1000

We're going to make sure, though, that any investment we make is not used as an opportunity for municipalities to slip back but rather that it's designed to enhance the quality of the programming, because I think we all recognize that if everybody—you know, one of the most common things I get in e-mails and from people on the street is a really strong boost to say we're just not doing enough on prevention. In health care a lot of people have adopted the phrase "putting the resources upstream." I think this is right. We've worked hard as a government to try to push resources to the community, which I think is the equivalent. But the role those public health units and those nurses play—I've had the opportunity to do vaccination clinics and the like with them. They're essential to addressing good population health, and we demonstrate how essential they are by the actions we're taking to restore the quality of public health in Ontario.

Operation Health Protection gets at that in a variety of ways. We've had good bodies of evidence from all the reports that were done related to SARS. What you see from our government is a strong response to, again, one of the crisis points we faced as a government, which was the state of public health in Ontario. I agree with you that those units are important and that the role those public health nurses play is very essential. That's why we support them so much and that's why we brought in new

leadership right at the top, with Dr Basur as the chief medical officer of health. She's someone who has played that role at a community level, albeit in some large communities, and we're proud to have her leadership on this file.

Mr Tony C. Wong (Markham): Minister, my question is related to funding for mental health services, which has been a problem for a long time in this province. It may be that these needs have been perceived to be not as immediate or not as visible compared with, say, acute and emergency health care and LTC, for instance.

As a former chair of the York regional council health and social services, I have long been aware of the importance of these matters. I want to maybe give you an example, Minister. Take mental health in the workplace. It not only contributes to the well-being and quality of life of our citizens but also impacts on the economic well-being of provincial businesses and employers.

Minister, you came into York region a few months ago and attended the AGM for the York region chapter of the CMHA, the Canadian Mental Health Association, and at that time you promised that you would lend strong support to the mental health aspects.

My question is, what is our government doing to improve programs that deal with mental health in Ontario, and specifically in York region?

Hon Mr Smitherman: I appreciate the question, because this has been a passion of mine. I came to office subscribing to the view that mental health is one of those things that has been allowed to be impacted by stigma we have, our personal discomfort—collective maybe—our societal discomfort at addressing mental health issues. People like Michael Wilson have done so much to help push that out there that sometimes the issues did get short shrift. I don't know what else you can point to to explain away the fact that when we came to office, community-based mental health organizations had not seen a penny of base funding increase since before Bob Rae's hair turned grey—not for 12 years. That's two governments' worth.

So what have we done? We've invested, in this year alone, \$65 million to serve an additional 13,650 clients. I think the key point you made is that sometimes maybe the community mental health stuff didn't win out in the funding battle, that the acute sector got it, perhaps. The real point here is that if you don't make the investment with respect to mental health at the community level, the cost is going to be borne by the acute centre. This is one of those very, very clear investments where the purpose of the investment is twofold: Help the patient as close to home as possible, and help them early enough so they don't become an acute care patient. There's plenty of evidence that makes the point that if you can get people help a little bit earlier, chances are, if they're going to have a problem, it won't become an episode that is perhaps the beginning of a path toward frequent reinstitutionalization. This is the pattern that many of us have seen with individuals. But if we have resources at the community level, we can make a big difference.

So this year alone: \$65 million. That brings our base budget in 2004-05 to \$463 million, and the sector already knows this is going to grow to \$583 million by 2007-08. For the first time in a long time in Ontario the community mental health sector—it has its challenges because it's been stretched a long way, but it's feeling a sense of connection to the government and I think there's a level of enthusiasm there that has not been in place for a long time.

I would like to make two quick additional points. The first is that CAMH, the Centre for Addiction and Mental Health, has some challenges around capital expansion, and we've been able to support them with a \$16-million grant to help plan and design. The second thing is that our colleague the Minister of Children and Youth Services, who has responsibility for delivering quite a few health programs, also increased health care funding targeted at children by an additional \$25 million in 2004-05—overall, I think, evidence of a substantial investment in these services by our government.

Mr Wong: Thank you, Minister. I just wanted to know if there will be new programs or expansion of existing programs with respect to mental health in the workplace.

Hon Mr Smitherman: It's interesting. I had an opportunity a few weeks ago to speak with the mayor of Ottawa. There is a big partnership of public and private entities that have come together to address workplace mental health issues, all around one word: stress. I'm not sure how much more support we're able to offer, but I think it's something we have to acknowledge is there, and if there are opportunities to set up programs to assist people in dealing with their stress, then I can think of a few examples of where that might be helpful.

The Vice-Chair (Mr John O'Toole): Thank you, Minister. We'll carry on more with a little stress here in a minute.

Hon Mr Smitherman: Point of order, Mr Chair: Could I ask for a two- or three-minute break to make a little run to the end of the hall and back?

The Vice-Chair: No problem. The committee stands adjourned for about three minutes.

The committee recessed from 1008 to 1011.

The Vice-Chair: I'll call the meeting back to order. The time will now move to Cam Jackson, the member for Burlington.

Mr Cameron Jackson (Burlington): I would like to ask George Zegarac, who I understand is responsible for community health services, which includes CCACs, to come forward for a couple of questions. Mr Zegarac, I understand you have responsibility for the CCACs.

Mr George Zegarac: I do, yes.

Mr Jackson: And you would be responsible for monitoring their budget activities?

Mr Zegarac: Yes. My area and my director, yes.

Mr Jackson: Is it a requirement in Ontario today that when a CCAC reopens one of their contracts with a service provider, they are to notify the Ministry of Health of those changes?

Mr Zegarac: In terms of reopening an existing contract? I can actually get Vida Vaitonis, who knows the detail, to speak to it.

The Vice-Chair: State your name for the record, please.

Ms Vida Vaitonis: My name is Vida Vaitonis and I'm the director of the community care access centres branch in the Ministry of Health.

Mr Jackson: It's not uncommon for CCACs to mutually agree to reopen contracts in the middle of the term of a three- or four-year contract. Is it a requirement to report those changes and their impact on the budget to your ministry?

Ms Vaitonis: The contracts process is managed by the CCACs through—

Mr Jackson: I understand the process. I helped write it. I'm asking you if they are required to report to you when their contracts change. Yes or no?

Ms Vaitonis: It is not a requirement for them to report to us directly.

Mr Jackson: OK, thank you. You would therefore be aware that when a contract is changed by mutual agreement, it has a huge impact on service delivery because the costs increase in a given fiscal year with a budget that you've allocated them, which means they have to reduce service in order to pay higher wages for the same employees to then service fewer hours for the same money.

Ms Vaitonis: If indeed the contract reopening does result in increased rates, they then would have to manage within their budget and prioritize the clients most in need so that there are no untoward clinical effects for the population they're serving.

Mr Jackson: So therefore it's clear that there is a loss of some service, albeit, as the minister referred to earlier, triaging it. That might mean you're not taking the most acute cases and cutting back, but there is a service reduction in access to patient/client care when a contract is changed rather substantially—I know of 12 or 13 that have been done this way—early in, say, a three-year agreement. So you acknowledge that the government doesn't automatically pass on more dollars; therefore, they have to live with higher costs and therefore less service units?

Ms Vaitonis: It is actually an unusual event. I understand you yourself know of 12 or 13. I'm not aware of the 12 or 13.

Mr Jackson: Ms Vaitonis, you couldn't be aware of them, because we've already established that you don't record that, nor do you audit that, nor do you monitor that.

When those of us in public service get contacted by our local CCAC, many of us find out about that more anecdotally. What I want to establish for the record is that this has a negative effect on service delivery. It has a positive effect on the salaries and the base salaries.

I have a series of additional questions I wish to put on the record, so I will continue with those. The question I have then is, are you going to be monitoring the reopening of contracts that come due during the period of

time that was announced yesterday when Ms Caplan will be doing her review? It was implicit that all but six contracts would then be frozen. They're not frozen in terms of price; they are simply "extended"—the word used yesterday in the conference. So are you going to be monitoring the cost implications of those changes in contracts?

Ms Vaitonis: Yes. The context within which you're describing the changes is in the context of additional funding being provided to the CCAC. So they manage the volume increases based on that increase in their funding. So there will not be a need to decrease the volume in that respect.

Mr Jackson: Why is that?

Ms Vaitonis: They will be receiving more additional funding each and every year. There's a four-year strategy at the moment that has been approved, with additional funding over the four years. That includes funding not only for the home care side of the system, but also for the community support side. So there's additional capacity added across the entire home and community care system to make sure we're delivering care to the clients in the right part of the system, which is probably the most—

Mr Jackson: I understand that there will be increased funding. However, we have a patchwork of contracts at variances of as much as \$5 an hour between nurses in one part of the province providing home care and nurses in another part of the province providing home care.

The point I'm trying to establish here is that the system that we currently have in this province is that a CCAC would have a contract. It would run for three years, we'll say, on average—some are two, some are four, but the average is three. What happened yesterday is, the government said that those contracts that are in place will not be the subject of another competition or review; those contracts will be frozen or allowed to extend themselves. I'm saying that the practice is that whenever the contract has expired and then must be extended, it costs additional dollars.

So my question is, are you going to provide the adjusted dollars to ensure that the levels of care do not deteriorate, as has been the case when they get their budget approved by you and then they reopen it and say, "You know what? We're going to have to go spend another \$250,000 because we've added another \$2 to the nurses' settlement in order to keep the employees?"

Hon Mr Smitherman: I understand the point—

Mr Jackson: If it's a brief answer, Minister, fine.

Hon Mr Smitherman: It's a brief answer. I think that there's an important distinction that needs to be made between the issue that you talk about, about a re-opener, where the length of the term hasn't changed. That's not what we're talking about here when we talk about extensions.

Mr Jackson: I made it very clear that it's when they're coming due. "When any contract that would expire during the course of Ms Caplan's review" is what I said. You are not freezing those contracts and saying to the private sector, "You must keep those rates." I asked

that question yesterday. It's very clear that what will happen is that, mutually between the CCAC independently and the service provider, which has not previously been a subject of monitoring, you simply make sure that they have contracts in place and they submit their annual budget.

If there's an area of where I'd like the minister's contribution—and I sense that he is aware of the importance of not leaving this review out there too long, because there are going to be communities where there will be service gaps simply because nurses will get a \$3, \$4 or \$5 raise because the CCAC will negotiate. We're not prepared to flow them additional money to cover those. Minister, are you prepared to flow additional money specifically for those contracts?

Hon Mr Smitherman: For the extension period.

Mr Jackson: For the extension period.

Hon Mr Smitherman: Yes, of course. We want to preserve—a couple of quick messages.

1020

Mr Jackson: Thank you, I get the messages.

Hon Mr Smitherman: We want to make sure—

Mr Jackson: I got a very good answer, Minister. Thank you very much.

Hon Mr Smitherman: —that we preserve patient care above all else.

Mr Jackson: I have further questions. I understand that the agenda for the FPT health ministers' conference in Vancouver has already been submitted to you, Minister. Essentially, it is the tying-up-of-loose-ends meeting from the meetings that occurred between the Premiers and the Prime Minister. My understanding from sources in Ottawa is that there is considerable attention being paid by the federal government to the transfers in terms of long-term care. I'm further led to believe that the federal government has indicated to the ministers that there is a first-payer preference.

Perhaps Ms Vaitonis can confirm for me that Ontario's current position is that our CCAC services are not first-payer preference. In other words, if you're in a car accident, you get your home care out of your automobile plan. If you have private insurance and that provides for your home care, that is your preferred payer, and you then come to the CCAC, to the public health care system, to provide any top-ups you may still require. Is that still currently the position?

Ms Vaitonis: The home care system allows for recoveries through government-funded services. So if an individual, through their insurance—and I'm talking about Workers' Compensation Board insurance, for instance—allows for that, the government is still paying for it. Through the health accord, it simply says that the first minister, the Premier of our province, would not be charging a user fee, in effect.

Mr Jackson: I'm sorry, you've missed the question. A first-payer preference is when a citizen calls up their local CCAC—because they can now call on their own; they don't have to be referred by a doctor any longer in the province—and says—and this happened in my own

family—"I need home care. I have a broken arm. I'm badly bruised. I cannot manage my chores of daily living." CCACs are supposed to say, "Well, ma'am, if you were the subject of a car accident, you have your private insurance to cover your home care. We would recommend that you get that, since you've paid for it, and if that's deficient, we will top that up." That's the system as I understand it. Frankly, we're talking hundreds of millions of dollars here of kinds of services where there are third-party payers.

My understanding is that the federal government is going to be encouraging that we shift the paradigm here slightly. Now, I don't expect anyone to comment on where the federal government is coming from; I want to establish for the record if we are still instructing CCACs to ensure that if you have insurance—otherwise this is a huge windfall to the automobile insurance industry in this province.

Hon Mr Smitherman: Briefly, the member is misinterpreting the phrase "first payer" from the federal government perspective. What they're talking about is making sure the program does not have user fees. I understand exactly the matter you're talking about in terms of the insurance issues. That was an issue in the discussion about catastrophic drug programs, but when the federal government uses "first payer" from the standpoint of home care, they're not talking about that; they're talking about having a program which does not have user fees associated with it.

Mr Jackson: Very good. Thank you, Minister. As well, for the record, it's a tribute to Evelyn Shapiro in Manitoba and to the architects of our home care here in Ontario that we're the only two provinces that don't charge a user fee. Also, Ontario is home to one third of Canada's seniors but we are providing two thirds of all the home care in this country. We're the envy of every other Canadian in terms of our model, and I know the minister recognizes that.

Regarding the long-term-care beds, could I simply ask—Mr Zegarac, you're responsible for the long-term-care division as well?

Mr Zegarac: Yes.

Mr Jackson: Thank you. Some of the 20,000 bed allocations from the previous government are just being completed in the last year. Can you confirm for the record how many beds from the 20,000 allocation that were budgeted and essentially paid for—but we're now into the operational year cost—are occurring in the last year?

Mr Zegarac: How many have been delivered in the last year?

Mr Jackson: Yes, out of that 20,000. I'm looking for a specific number.

Mr Zegarac: I'll check with Tim Burns. The number of beds we have in total is about 72,854 in the system. I will endeavour to get you the number for this year.

Mr Jackson: Yes, because as I understand it, there are a couple of contracts that were returned. So if I could leave that with you to determine how much of the long-

term-care facilities budget increase is a result of adding homes to the pool out of the 20,000 and, of the monitored 20,000, exactly how many may not have been let yet, without impugning any motive on that.

The next individual, in the interests of time—

Mr Zegarac: I can answer one of those questions right—

Mr Jackson: Mr Chair, how much time do I have left?

The Vice-Chair: About six minutes.

Mr Jackson: It's a specific number. You can get it back to me at any time this morning. Thank you.

My next question is for Mary Kardos Burton, who is responsible for acute care services, if I could ask her to come forward for a couple of quick questions, please.

The Vice-Chair: If you'd give your name for the record, please.

Ms Mary Kardos Burton: Mary Kardos Burton.

Mr Jackson: Welcome, Ms Burton. My question is with respect to the hospital reviews. I wanted to know to what extent the past two hospital reviews that were undertaken by your ministry—I'll tell you very candidly that the concern is that my hospital in Burlington, the Joseph Brant Memorial Hospital, underwent two rather intensive reviews. They found some savings. Two independent audit teams, both internal to the ministry and external, have confirmed that we're at the point where we can't find any more. What is the status of those reviews? We did not get a report back on the second review. Those hospitals did not get the feedback on that second review. Have they been ostensibly shelved or put aside, or are we still being guided by any of the important information that could be gleaned from those reviews?

Ms Kardos Burton: I think what we should focus on is the review process. First of all, let me just say that I am aware of the Joe Brant situation. They've been in to see me, they've been in to see the minister, they've been in to talk to the regional offices, so we're very aware of the kinds of issues they have. But I think what we need to talk about is the review process that's coming up. I think the minister mentioned it.

Mr Jackson: He spent a considerable amount of time discussing it. So you have set aside the past reviews?

Ms Kardos Burton: All information that we get from any review is important, but it's important as we move forward, and that's the review we'll be on.

Mr Jackson: My board specifically asked the question, are they ever going to get a response to their last—the answer is no, they will not.

Ms Kardos Burton: I believe not.

Mr Jackson: OK. That's fine. The previous government paid for those reviews. I understand—

Ms Kardos Burton: I just want to be clear: There are a number of reviews that go on all the time. Is there a specific one that you're referring to?

Mr Jackson: These are the rather large ones that were done late last summer—a year ago; it was a full year and a half ago, rather. But the ministry never reported back those findings. There were two major ones done in the

last three and a half years. So it was the last one that none of the hospitals got feedback on.

I understand from the Globe and Mail that your turnaround teams will be sent in from a list of outstanding leaders in hospital performance and we can learn from that. The minister described them very well. Do you have a list, currently, of those individuals?

Ms Kardos Burton: We have lists in terms of people who have gone into other hospitals. We're looking at chief executive officers. We're also looking at chief financial officers. I personally have had a number of the hospital executives volunteer to provide support to other hospitals that are in trouble.

1030

Mr Jackson: So you currently have a list, or you're preparing a list?

Ms Kardos Burton: We're working on a list.

Mr Jackson: OK, very good. Have you determined what the fee might be?

Ms Kardos Burton: No.

Mr Jackson: OK.

Hon Mr Smitherman: Or if there will be one.

Ms Kardos Burton: That's correct.

Mr Jackson: The ministry in some of its informal meetings has been giving advice to hospitals that have indicated they may be faced with bed closures and so on. One of the issues was a review of certain programs that hospitals are providing. My hospital advises me that in their meeting with the ministry, they raised the question, why do babies need to be born in Burlington? Why can't they be born in Hamilton? Is this the kind of assistance the ministry is going to be providing to hospitals like mine in Burlington and others?

Ms Kardos Burton: Sorry, I was fiddling with the microphone. Could you repeat the question, please?

Mr Jackson: In a recent meeting between the Ministry of Health staff and my hospital, the Joseph Brant Memorial Hospital, one of the suggested questions raised by the ministry to the hospital was, in order to reduce your deficit—in this case it's \$9 million—why aren't you having babies born in Hamilton instead of in Burlington? My first question was, is this the type of advice you're going to be giving to hospitals? Secondly, if we take the neonatal program out of Joseph Brant hospital and have our babies born in Hamilton—which I think would be outrageous, but let's say you do that—are you going to take away the program funding for that hospital for the purposes of maintaining our gynaecology program and our maternity program at Joseph Brant hospital for Burlingtonians?

The Vice-Chair: We're going to have to be very quick on this. You're over time.

Hon Mr Smitherman: As I understand it—I call a point of order. I've been allowing the member to call up staff instead of working through me. But I just want to say—

Mr Jackson: That is my right.

Hon Mr Smitherman: OK. Someone had a different interpretation of the standing orders.

In any event, what I do want to say about this is, the message I've been sending to Ontario hospitals—large, small and all over the place—is that every hospital in Ontario is valued and has a bright future but it should not assume that its current state, its status quo, is what its future role will be on any issues. As we get into these reviews, it's absolutely certain that we're going to have opportunities to work and look at consolidation of programs, where that makes sense from a clinical standpoint and from an efficiency standpoint, with respect to obstetrics, because it's a really tough one for communities. I've gone into communities and said, "Your desire to hang on to your obstetrics program is understandable on an emotional level. But in some instances, volumes have dropped to the point where the program isn't viable from a patient safety standpoint." I just wanted to frame whatever other answers on that basis.

The Vice-Chair: Thank you very much, Minister and Mr Jackson. Now it's Ms Martel.

Ms Martel: Thank you, Mr Chair. Minister, we were having such an interesting discussion about ONA that I'm going to return to it. I said just a few short days before the announcement you made on long-term care that ONA had met with Monique Smith and said, as their first immediate action, that the government must reinstate by regulation a minimum staffing formula. They made it very clear that the 2.25 hours of hands-on nursing care would have to be higher, given the levels of complex care now associated with residents in long-term-care facilities.

You referenced their press release of May 11, I suspect, to leave the impression that ONA was completely satisfied with everything the government had done with respect to long-term care. I know that you just neglected—not on purpose, but forgot—to read the rest of the release that did talk about staffing ratios. ONA said two other things in that release. First, "We believe the government's plan may be a good first step in raising the level of care in long-term-care facilities, such as establishing tough new standards for inspections, including enforcement. The real improvements for care will depend on the plan details."

More importantly, the final quote in that same release says, "This is why ONA is ... calling for the establishment of staffing ratios that would guarantee necessary time for assessments and care by RNs, especially since the care needs of residents have increased by over 8% in the last few years."

So I just repeat again ONA's concern, which is the concern of SEIU and CUPE, and say, Minister, that while you've told us you think that through the accountability agreements you will have the tools to enforce new staffing levels, my argument is that those should be supported in a regulatory regime where there is a clear regulation that outlines the minimum standards of care per resident per day so that it can be enforced and so that it will be clear to everyone that some operators will no longer be able to continue to always work to the lowest standard, which they have done, regrettably, because there have not been standards in place.

Hon Mr Smitherman: It seems to me that the challenge in Ontario is that the lowest standard be an appropriate standard for all Ontarians and for the loved ones who are in long-term-care homes.

On the basis of the comprehensive package of reforms we've brought forward, including new regulations and details that hold people accountable through accountability agreements and return-of-funding letters, I believe we have created a situation which meets that test.

I certainly didn't say that ONA was completely there; what I did say was that they had the capacity to deal with an issue on more than just one point.

I think the point here is that the comprehensive reforms that we've brought forward in long-term care are going to have the effect of having higher standards in place in long-term-care facilities, not lower ones. That's the bottom line.

The Registered Nurses Association of Ontario said, "We wholeheartedly applaud Premier McGuinty and Minister Smitherman for their clear commitment to older persons." This is another group that was involved in it.

I'm not suggesting that anybody looked at the package we brought forward and said, on this enormously big long-term-care file—I think that's something that we spend in the billions of dollars on—that people are going to be entirely satisfied that their every point has been ticked off the list at a 10 out of 10. That's not what I said. But measured against what we inherited as a government and the circumstances that we operated in, there has been lots and lots of acknowledgement from far and wide and from many, many individuals, as evidenced in my letter book, of their understanding of the efforts we've made to date to improve the quality of care in our long-term-care homes. I'm proud of it, but I didn't say by any means that there isn't more that can be done or that we should rest on our laurels. That's why we're not. That's why I've said we have more work to do. Of course, we have to get those regulations gazetted. We have to get those in place.

We have a piece of legislation that will also be an important opportunity to underline in legislation the principles we have with respect to the operation of long-term-care homes. That piece of legislation will be an opportunity for us to embody the very principles we've moved forward on.

What are those? To repeat: dramatically enhanced inspection and enforcement capacities; clear regulations; enhanced funding—2,000 new people—that's tied to actual patient needs; and family and resident councils.

A really, really clear and demonstrated improvement has been made with respect to long-term care in the last 10 or 11 months. There is lots and lots of evidence around that, evidence which is well-presented in the fact that the associations that are involved in helping to work with the 588—I think that's the current number of long-term-care homes in the province—those associations have worked with us very, very hard over the course of the summer to create a funding package which is directly tied to the results we desire. The results we desire are making sure that every Ontario long-term-care home

meets an appropriate standard for Ontario and that the minimum standard is an adequate Ontario standard. On the basis of the package of reforms we've brought forward, I believe we will achieve that.

More to the point, in those instances where we fall short or where a local operator falls short, we have put in place such an intensive enforcement and inspection capacity that I am very, very certain that the long-term-care sector understands one thing much more clearly than they did before our government came to office, and that is that if you're a poor-quality long-term-care operator in the province of Ontario, we will be on you.

The Chair: Ms Martel, I'm sorry to interrupt. We're having a few small technical difficulties. Without taking away any of your time, we need to take one minute to make some adjustments to the mikes so that we get all of the minister's comments. I beg your indulgence.

The committee recessed from 1039 to 1043.

The Chair: Ms Martel, you have the floor back.

Ms Martel: I just want to make this final point. Minister, the fact of the matter is, there have been a lot of announcements and a lot of rhetoric about change in long-term care, but if you look at what has happened, the money that you announced on May 11, five months later, still is not out the door. On May 11, you announced there were going to be reg changes with respect to bathing, with respect to nurses. Those regulation changes haven't been made, although they could have been made any Wednesday morning at a cabinet meeting, and they won't be made for at least another six weeks.

You have told this committee today that despite promises made by your colleagues and your government last year, before the election, there won't be a minimum standard with respect to hours of care per resident per day. The promised Web site that was going to be up four months after you made your announcement on May 11, giving a profile of each home in the province, is still not up.

The list goes on and on. Lots has been said about what you intend to do and not a lot of action to date in terms of real change in homes. Most homes have not seen any change in staffing. I know because I was at Extendicare/Falconbridge last week—absolutely no change in staffing levels in that home.

We just got an e-mail again yesterday: "I live in a home for the aged at Cummer Lodge, one of 10 owned by the city of Toronto. Dalton McGuinty gave \$191 million for seniors living in homes for the aged" and nursing homes "to hire more nurses and care workers. To this date no new nurses or care workers have been hired at Cummer Lodge. I'm Cummer Lodge's representative to the Ontario Association of Residents' Councils.... Where has the money gone?" Well, we found out yesterday that it's not out the door.

We're all very hopeful that the legislation will make change. We know it's needed. But the fact of the matter is, since the big announcement on May 11, there hasn't been any money that has gone out the door; no new staff hired; no new regulation changes; we're still waiting for the Web site; and on and on.

One of the other questions I have is, you talked about inspections. Can you tell me, with your surprise inspections, how many orders have been laid under this new process?

Hon Mr Smitherman: I will get you that information. I want to say—

Ms Martel: And how many charges?

Hon Mr Smitherman: I want to say, the fact of the matter is—

Ms Martel: No, Minister, excuse me. How many orders and how many charges?

The Chair: Minister, let her finish clarifying. You have a tremendous number of staff here. They're taking notes diligently as each question—

Interjection.

The Chair: Please, Minister.

Ms Martel: Is there someone from the staff here who can come up and tell us how many orders have been made against long-term-care facilities as a result of this new process of unannounced visits? Anybody?

Hon Mr Smitherman: We don't have the information.

The Chair: Shelley, are you finished with your questions?

Ms Martel: No, because my second question is, following from the orders, then, I would like to know how many charges have been laid against any nursing home, home for the aged or long-term-care facility as a result of the new inspection process. I would like that information as well, Mr Chair. Do we have that here?

Hon Mr Smitherman: In answer to the honourable member's question, I think it is a—I understand the essential point she's making, but the effort she goes to to demean the work of people all across the sector in the last 10 months is really disheartening to me. The fact of the matter is that we came to office in—I know that you don't operate in a world where you have to remember your days in office, and the rest of us are trying to forget too, but the fact of the matter is that on this file, we have made such significant progress, and for you to characterize all that action simply as rhetoric is, I think, a little beneath the work of all the people in the long-term-care sector.

Ms Martel: Don't be so arrogant, George. Just answer the question. Where's the money?

Hon Mr Smitherman: I answered your question yesterday, but I'll give you the answer again. The money is available to long-term-care facilities as of October 1. They know that, because we've worked with them over the course of the summer to make sure that the money we were investing for care was going to get to care. There's been a problem in the culture of the Ontario health care system where money sent from the Ministry of Health for a specific purpose often didn't end up in the place that it was intended. Has this taken a bit longer than it should have? Yes. I said yesterday that I take responsibility for that. But it took longer because I was desperate to make sure that it got spent in the appropriate place. At the end of the day, I'm very, very proud that we've taken those steps.

With respect to inspection and enforcement, we're going to get you the information you've requested. But for you to suggest that there's been nothing except rhetoric on this front, I think, stands in sharp contrast to reality, which in this case is that inspections have gone—in the period of January to August 2003, there were 1,429. In the same period in 2004, on our watch, there were 2,307. Complaint investigations: In the period in 2003, there were 454. In the period in 2004, there were 880, a 93% increase.

My point here is that this is a big file, and that in the course of 10 or 11 months, we've gone from a point where we've gone out, done a comprehensive report, had the report back, responded as a government and aligned ourselves as a government behind the commitments we've made. For the member to characterize all of that action as rhetoric, when anyone that's up close and personal with the sector, that's involved in resident and family councils and the like, knows that significant improvement has occurred and that there's an evolving and changing culture.

Ms Martel: Minister, if I might, this is what I said. I said, with the exception of the inspection process that you announced, the rest of the announcements on May 11 had not come to fruition. With all due respect, telling us that the money is owed to facilities as of October 1 is a different matter from when they get the cheques in hand.

Hon Mr Smitherman: No, of course it's not.

Ms Martel: Yes, it is. If they don't have the money in their hand right now, how can they go ahead and hire staff? Come on, Minister.

Hon Mr Smitherman: Of course they budget and cash flow. For the member, who served as a minister in a government, to think that an organization doesn't change its operation on the understanding of what money it will have is not appropriate.

Ms Martel: How do they pay the new staff if the money's not there, Minister?

Hon Mr Smitherman: Obviously, they're big operations, and they cash flow just as anyone does that's operating any of these kinds of facilities.

The point is that these homes, both the private and not-for-profit ones, we worked with them diligently all throughout the summer on the development of a strategy that was designed to ensure that the absolute principle, that a dollar sent for care was spent on care, has been confirmed. It did take us a while. I acknowledge it. I acknowledged it yesterday and I acknowledge it today. But I want to say that it's backed up by a very firm and sensible principle, which is that I don't want to be the Minister of Health to face up to, as too many other ministers of health have had to do, a reality where money was sent and wasn't spent for the purpose intended. This is money that's for the front line, not for the bottom line, and we've taken extraordinary action over the course of the summer, through the funding letters and through the accountability agreements, to make sure that the money gets spent exactly in the area that it was intended, which is to enhance patient care.

Ms Martel: The suggestion that I made yesterday is one that I hope you will follow up on, that if you have set targets for each of the long-term-care facilities, then those staffing targets should also be part of what's posted on this Web site, so everybody can see whether or not those facilities are actually living up to the obligations that you have placed on them. I hope that you will do that.

1050

Hon Mr Smitherman: I appreciated the suggestion very much.

Ms Martel: Do you have a response on orders, or is that something different?

Hon Mr Smitherman: We're going to have to dig it up.

Ms Martel: OK. Let me ask another question with respect to long-term-care facilities. You also said in the election document that you would cancel the Harris-Eves 15% increase in nursing home fees. When will that happen?

Hon Mr Smitherman: What we've done this year, again, in the face of the fiscal circumstances we're in, is not raise fees against inflation. Of course, that's a beginning point in terms of assisting people in long-term-care facilities. So that's the first step we've been able to make there. In addition, I think you might know that we've recently increased the comfort allowance to make sure that those most vulnerable or the lowest-income people living in long-term-care facilities have the advantage of just a little bit more money to spend on a Christmas gift for a grandchild or what have you.

Ms Martel: But that's not my question.

Hon Mr Smitherman: Well, the question was clear and so too was the answer.

Ms Martel: No.

Hon Mr Smitherman: The first piece of this has been—

The Chair: Excuse me, Minister. I don't know if anybody knows the answer to that. I think the question was, did the 15% get rolled back?

Hon Mr Smitherman: Not to date, Mr Chair, but I said that the first piece of it has been acknowledged in the sense that, against the inflation of this year, we did not increase payments.

The Chair: Based on the inflation, in what year will you catch up to that commitment?

Hon Mr Smitherman: Well, I'm a bit curious about the role of the Chair asking questions.

The Chair: It's a point of clarification.

Hon Mr Smitherman: The strategy that we're developing with respect to this is going to emerge, but as a government facing the \$6-billion deficit that your party left behind, Mr Chair, we've acted in an appropriate fashion, measured against the availability of resources.

What I'm pleased to say is, at the very same time that we put 406 million new dollars into long-term care—some of it targeted at new homes and some of it targeted at the quality of care in existing homes—at the same time that we've been able to increase the comfort allowance,

at the very same time that we've enhanced our inspection and enforcement capacities and moved forward with a series of other reforms, we've also been able to hold the line on costs for people living in long-term-care facilities. I think that, set against the pressures of inflation, this is progress on the commitment that was made.

Ms Martel: Can I ask when, Minister? What's the specific time frame for you to meet your election promise? I mean, I could point out that your own finance critic, Mr Phillips, was well aware of a \$5-billion deficit. He talked about it openly in the estimates for the Ministry of Finance in June before the election, and he's on record in Hansard as saying very clearly that the former government had a \$5-billion deficit. That didn't stop your government from going out and making promises like this one. So I'd be interested in what the time frame is for you to meet this election promise, which clearly was to cancel the Harris-Eves 15% increase in nursing home fees. What's the time frame for you to do that?

Hon Mr Smitherman: That was the point of clarification that the Chair asked about, and I already have that answer on record.

Ms Martel: No, I'm asking for a time frame. I heard you have a strategy. I wonder what that strategy entails. Is it in two months? Is it next year? Is it 18 months? What is the strategy? What is the timeline?

Hon Mr Smitherman: I think that the timeline is yet to emerge. We have more work to do on this, but I think a key point here that needs to be taken into consideration is that at the time that policies were developed related to this and printed in platforms, there was an expectation that a 15% increase that had been announced by the previous government would be administered, and it wasn't administered subsequently.

Ms Martel: It was the first year.

Hon Mr Smitherman: I'd like to call Tim Burns forward. He could talk to that point a little bit more.

Mr Tim Burns: I'm Tim Burns. I'm director of the long-term-care homes branch.

The increase was announced by the previous government in 2002, to be originally announced at \$7.02 per resident day, and it was later implemented at \$3.02, which is 9% or thereabouts. The following year, in 2003, there was a \$1.16 resident co-payment increase implemented, which was consistent with the rate of inflation.

Ms Martel: Right, and the first year was not consistent. It was well above the rate of inflation. It was well above what would have been permitted in the private rental market if guidelines had been applied to residences. So the first year, there was an increase that was well above the rate of inflation, which the government should be dealing with. If the Liberals put 15% and didn't mean that, that's one thing; I'm sure they meant the increases that did go into effect that were above the rate of inflation, and that first-year increase certainly was. So when will the rollback be of that very significant first-year rate of increase that was well above the rate of inflation?

Hon Mr Smitherman: As I said earlier, the rollback has already begun, and it began this year with not having an increase at the rate of inflation. You know that in—

Ms Martel: But there's a difference between not having an increase this fiscal year at the rate of inflation and dealing with a rollback of a previous rate increase that was much higher than the rate of inflation.

Hon Mr Smitherman: I'm not sure why it doesn't seem sensible to the member that not raising a price when inflation clearly was in occurrence and when that had been the norm doesn't count as some credit toward a rollback. Of course, if the marketplace, in this case long-term-care homes, was conditioned for an annualized increase, even if it was at the rate of inflation, and in a given year there was no increase on the rate of inflation, people would say, "Hey, that's a cost increase that I didn't incur and therefore is the equivalent of a rollback." It's growth in cost that would have been fully expected and didn't occur. I think it seems very sensible that that's a step toward keeping prices in a range that is more affordable for residents, which was of course the goal at the heart of the commitment we made.

Ms Martel: The base rate is already inflated, because in a single year the increase was much higher than the rate of inflation. So any additional increases, even at the rate of inflation, are on an inflated base. That's why residents are out—

Hon Mr Smitherman: I understand. What I would say is that there was no increase this year.

Ms Martel: So you're saying the increase was matched at the rate of inflation?

Hon Mr Smitherman: That was in 2003. There was no increase this year. What I'm saying to you is, faced with, in a sense, the opportunity, the culture of an increase even at inflation, we did not increase the rates at all in 2004. What I'm saying is that that amount is obviously a beginning point to easing the price challenge that people are facing in long-term care. In context, set against the challenges we are facing, I think it was a very good start.

Ms Martel: What's the difference by which seniors are still out? Even if you didn't raise it this year, that increase in the first year was extremely significant, far beyond the rate of inflation. What's the difference that seniors are still out, in either percentage terms or monetary terms, if you can give it to me that way?

Mr Burns: The \$3.02 increase we talked about for the year 2002 was \$2 ahead of inflation. I would have to get what the increase would have been had we implemented the increase this year. So some of the \$2 would still be ahead of inflation. I don't have that number in front of me.

Ms Martel: Can you get that for us?

Mr Burns: Yes.

Ms Martel: That would be great. Let me ask another question about capital this time, that also—

The Chair: Last question, briefly.

Ms Martel: OK—affected long-term-care facilities. In the budget it was stated there would be 12,000 bed lifts

purchased for hospitals and long-term-care facilities at a cost of \$31 million. My question is, has this money been spent, how much of that was allocated to long-term-care facilities and what did it buy in long-term-care facilities? Has the money actually gone out the door so that the equipment purchases could be made, and what was the overall result of that? Can you get that back to us?

Hon Mr Smitherman: John McKinley can come forward. He'll give you an answer that I think is the same as mine, which is that we did have a program last year that I had the chance to speak about and we have a program that is yet to roll out in 2004-05, and long-term care is definitely going to be an element of it.

Ms Martel: I thought the budget was \$31 million for this fiscal year 2004-05, but you've just said that there isn't a program for 2004-05.

Hon Mr Smitherman: No, no, that's not what I said.

Ms Martel: Then tell me again.

Hon Mr Smitherman: I said we haven't yet rolled it out in 2004-05 but we still intend to.

Ms Martel: So the money hasn't gone out?

Hon Mr Smitherman: That's right. Not only has the money not gone out, but sending the money out is the easy part in this instance, although challenging from time to time. We're working to make sure that we're allocating bed lifts in a fashion that makes the most sense in terms of our broader health priorities, so we're going to be looking to allocate those this year, both in acute care settings and also in long-term-care settings. But this is something we're very proud of from last year, and that's why we went and fought for additional resources, because last year we spent \$14 million on bed lifts. I've had the chance to anecdotally speak with a lot of nurses who had been the beneficiaries of that. So we're very committed to doing this. It's an essential element of our nursing strategy.

1100

The Chair: I'll now move to Mr Milloy.

Mr John Milloy (Kitchener Centre): I have a couple of questions on different subjects related to health care but I wanted to start with hospital funding. As you know, I have two hospitals in my riding. I think I have better than the normal layperson's understanding of hospital funding but nowhere near the expertise that I should have. One of the things I'm curious about is that you've mentioned, and I've heard you on a couple of occasions talking about, this \$721 million in hospital deficits and that it was rolled into the working capital deficits. I'm wondering if you can provide a fuller explanation as to what that's all about. Also, obviously that's a challenge for you in terms of moving forward.

Hon Mr Smitherman: It's a challenge for all of us, so let me trace you back to the earliest days after our party arrived in government and I was given the honour of this job. I got some analysis about the financial circumstances of Ontario hospitals. As you know, the Provincial Auditor came in and did a two-week review of the government's books. But one thing they didn't capture was that for a period of two fiscal years—I'm

pretty sure it was 2000-01 and 2001-02—the government of Ontario and the Minister of Health were working on a kind of nudge-and-wink basis with Ontario hospitals whereby they were encouraged to bury operating costs in their books so that the government could balance its books. They were given the nudge and the wink and told that the money would be around later.

It went to the point that the former Minister of Health called in bankers, representatives of the various banks, to the minister's boardroom and said, "Don't call these notes," because in a certain sense they were unsecured amounts, quite large in some cases.

We have teaching hospitals, some of the biggest hospitals in Ontario, with amounts of around \$100 million of what largely amount to unpaid working—in some instances, reports to liabilities from unpaid operating bills from past years. We've analyzed the books and found that \$721 million is made up of unpaid operating bills, and we're going to work with Ontario hospitals to take those costs into the books of the government of Ontario. This is just further evidence of what we were facing in terms of the fiscal challenges related to Ontario's hospitals. The fiscal relationships were quite unhealthy and proving pretty problematic from the government's fiscal management capacity.

Mr Milloy: I don't want to belabour it, but how exactly do you bury it? I'm just curious. You talk about working capital. Again, I think I have somewhat of an understanding of hospital funding but not an expertise.

Hon Mr Smitherman: Working capital is a line in a hospital budget that is more typically used to pick up some of the things like perhaps liabilities related to pensions. It's a line that by its description sort of picks up a few things. In a certain sense, they were just encouraged to grow those numbers because the government, it seems, didn't want to pay out those amounts because it would have pushed the government's books into a deficit situation and then cabinet ministers would have had to take a pay cut.

This is the scenario that was underway and one of the things we encountered. In our relationship with hospitals we said, "Obviously, if it's our expectation that we're going to get you back to a healthier fiscal operating viewpoint, then this is something we're going to have to address," and that's something we expect to deal with in 2005-06. In a certain sense, the accounting rules of the day allowed that to occur, but the modernization of accounting rules, if that's an appropriate word, is going to make that kind of practice much less possible in the future, thank goodness.

Mr Milloy: I'm going to switch gears to another issue, one that's near and dear to the people in my riding. In knocking on doors during the election and subsequent to that, I certainly found the biggest issue has been doctor shortages; we're highly underserved. It's amazing, the number of people who raise with me the issue of foreign-trained doctors. We have in our area an association of qualified doctors, which totals about 80. There are 15 who meet regularly at the multicultural centre, which

opens its doors once a week for a study group. In fact, a local book company, Words Worth Books, has donated texts to this group so that they can perform their studying.

In answering Mr Wong's question earlier, you talked a little bit about increasing the number of spots, but also yesterday, you talked about a new system, or a more streamlined assessment system. So I guess the first question is, what have we done and where are we headed on that?

Hon Mr Smitherman: One of the phrases that I use a lot in health care is "hodgepodge." We use the word "system" a lot. Whenever I say "health care system," a little asterisk goes off in my head, because as I travel around, what I recognize is that some of the stuff that we had out there wasn't well organized, and some of what we've done in some parts of the province hasn't been done in others. It doesn't look much like a system.

The issue around foreign-trained doctors, what we've come to know as international medical graduates, is one such example of, frankly, a real lack of coordination. So we brought the various bodies and functions in-house, in one place. We start with the principle of one-stop shopping. We create this thing called IMG-Ontario, International Medical Graduates - Ontario. Some people call it the clearing house. It's down at Bay and Dundas—I should say at Gerrard and Bay; I should know my own riding well enough—and it's become a place where people can get all the information they need. But way more important than that, it's become a place that is operating on a more streamlined basis.

If we look at the four or five different doctors with different qualifications and different desires to practise in different areas, there are lots of questions, lots of different categories that people fall into. But the bottom line is that we've been able to streamline the process and significantly enhance the number of spots that we have available so that those doctors who write a test and are deemed appropriate to just do some residency and then go off and actually practise—the problem isn't at the assessment level, it's in the number of residency spots that you have. We've gone from 90 to 200. We've filled 165 currently. Next year we're going to hit 200, absolutely.

This year, for the very first time, as evidence of the progress that's being made on this, the College of Physicians and Surgeons said—they put out a release last Thursday—that for the very first time, in the current fiscal year, or the one just past, I think, more licences were given to IMGs, international medical graduates, than to the graduates of Ontario medical schools.

This is a significant piece of evidence that says that even though we have more progress to make and more opportunity to take advantage of in the form of good-quality people—and we all have people like this in our ridings, I think—we've made a significant amount of progress. We're doing a better job than we have before of taking advantage of the skill sets of our foreign-trained professionals.

Mr Milloy: So do you see the government going beyond the 200 level?

Hon Mr Smitherman: I think the one opportunity point that needs to be examined here is about resources, in part measure, and I do think that this is also an area where Ontario could be looked on to play a leadership role, potentially even in assisting other provinces on the training side.

So the short answer is yes. The longer answer is that it would require more resources. People say, "What does it take?" If you're going to ask a doctor to assist a resident, there's a certain amount of mentoring, tutoring and oversight that is associated with that. You've got to pay for that, because you're taking that capacity out of the system.

The federal government, I believe, has got a pot of dough that might be of more assistance to us in broadening even further our residency capacities and giving us more drive-through to be able to get more of these foreign-trained docs practising in the province of Ontario, to build on the progress that we've made.

Mr Milloy: Has there been thought given to foreign-trained medical professionals who aren't going to make it through the whole process but who may want to contribute, not as full-fledged doctors, but who can contribute?

Hon Mr Smitherman: This is a brilliant question. I think it stems from just practical awareness of dealing with people.

I had a guy who worked for me. He was a doctor from Nigeria who had been trained in Russia and had extensive experience providing care in refugee camps, who gave up on the process at a certain point in time because it cost him too much and he needed to take care of his family. He went into a workplace health and safety program at Ryerson.

1110

One of the things that I've encountered as the Minister of Health is the sheer absence of good strategic health human resources planning. It's an area between my ministry and the Ministry of Training, Colleges and Universities that we need to do a better job around. In so doing, we will have a better capacity—an inventory, if you will—of the assets we have and do a better job of taking advantage of them.

To underscore your point, one example is that as we increase our defence mechanism for public health emergencies around infectious disease and we look to creating more opportunities for infectious disease practitioners, it strikes me that a lot of foreign-trained professionals—particularly because a lot of them bring geographic experience, which means they're quite excellent around the challenges of infectious disease—would be one small example of an area where their deployment would make a lot of sense more broadly in health care. So yes, but more progress is yet to be made.

Between my ministry and that of the Minister of Training, Colleges and Universities, we're developing a health human resources strategy that I think for the first time is going to do a better job of marrying up the needs

of the health care sector with the capacities of our training sector to produce the folks. I think at the heart of this will be a message sent that health care in Ontario in the future, because it's such a significant part of our economy, needs tens of thousands of good-quality workers, and these foreign-trained professionals ought to rank significantly amongst them.

Mr Milloy: And this includes nurses as well. What is the process for nurses to become certified? Is it similar?

Hon Mr Smitherman: It's a similar process. They need to go through the colleges. You will know, I think, that our colleague the Minister of Training, Colleges and Universities has been working very aggressively to make sure there is appropriate protection, if you will, that can ensure that foreign-trained professionals in a wide variety of professions are given appropriate opportunity and can make their way through the regulatory processes various colleges have established. That's something that our government continues to work on and to make progress on.

Mr Milloy: I just wanted to change subjects totally again and talk to you about community supports. It was quite amazing, when I was first elected, the number of organizations that came forward that work with the local home care folks but are separate organizations that do more than just straight medical services. I think they were, quite frankly, blown away by your announcement earlier this year that there was going to be some funding for them. I just wonder, what is the long-term plan on that in terms of these ancillary organizations?

Hon Mr Smitherman: I don't know if you're ever supposed to, in this job, admit to some of the frailties that are out there. Something that I'm a bit more inclined to do is acknowledge some of medicare's frailties. Here's what I encountered as the Minister of Health.

Funds flowing to government for home care, particularly stemming from agreements in Ottawa, had focused home care extensively—almost exclusively—on the challenges of trying to shorten hospital stays. There was this big focus on post-acute care, which is very sensible, because we know that if we can provide appropriate care to people in their home settings, it's much less expensive than in the costly acute care hospital setting. But that decision point came at the expense of serving clients with what I might characterize as more chronic needs, a lot of them just related to aging, where, if somebody had the benefit of a little bit of housekeeping support or someone to do the shopping or assist with some of the cleaning, this might be the crucial link for that individual to the independence they enjoy in their home.

What I saw was that in shifting the focus of home care on to the post-acute care, in a lot of parts of the province the services around the chronic supports—many of those provided by the organizations that you're talking about—had deteriorated quite significantly. I was faced with a policy option that said we're putting \$103 million of new money into home care this year and that will buy this much service expansion for clients, while at the same

time faced with the prospect that some of those chronic patients would be dropped. I said, "This is not on."

So we scurried within the ministry to get some resources together to preserve those chronic supports and to look for the opportunity to enhance the capacity of organizations—at the risk of offending all the others that are great as well, we were able to put more money into organizations like Meals on Wheels. It's very obvious why that's a sensible investment from the standpoint of a government.

The message I learned is that we devised programs through home care that are very targeted at post-acute, but in so doing, if our focus is completely there, we miss the point or contribute to the very real reality that diminished resources for the chronic supports will lead to institutionalization of a different kind, and that's into long-term-care homes. So we've shored up those services.

You asked me about the longer term. On the longer term I'd say we have more work to do, because there is an obviously growing appetite in all of our communities, particularly from seniors, who wish to have some support to allow them to live as long as they can in their homes. This is a principle that we as a government are strongly in support of, but we're starting from way back. Those programs are pretty frail, as compared to the need.

Mr Wong: Minister, I have a few questions on public health, health promotion and disease prevention. I'll start by asking about our policy and programs to reduce some major known risk factors such as tobacco use. I'm happy to see that there's an increase of about \$31 million with respect to the implementation of the tobacco strategy, but I'm also concerned with how we are tackling this increasingly serious battle against substance and alcohol use. What have we been doing or what will we be doing in that regard?

Hon Mr Smitherman: I think consistent with our approach with respect to putting more resources at the community level is the need to support community-based organizations providing services in all areas. To date, in answer to your direct question, we've made more progress in some areas than others, and one of those that will have ancillary benefits for people who are struggling with those challenges is the significant \$65-million investment we've made in community-based mental health.

We have significant programs in Ontario to assist people with drug and alcohol dependence. I believe we have 150 separate relationships with addiction treatment programs in the province, but I think that all of us, from personal experience, from the things we see close at hand in our communities, know that this is an area where there continues to be significant need, and more needs to be done to be able to address all of those challenges that are out there.

On the broader question of prevention, I've had the chance—and I'll probably throw some more numbers at you, but you did mention the tobacco strategy particularly. I'm very pleased that we are a government that is going to focus on a comprehensive tobacco strategy. This will restore Ontario to a point in time where—maybe you

have to look back to when Ruth Grier was the Minister of Health—Ontario had such a forward-looking view about trying to really tackle the problem of smoking. I'll just repeat, on that point, that smoking continues to be the number one preventable cause of death in our province. That's 16,000 people lost too soon to our province, to communities and to families. So I'm pleased to see that as a government we've been able to support the priority of working to do all we can to help people, to encourage people not to smoke in the first place and to try to encourage them to quit if they already are.

The Chair: Mr Baird?

Mr Baird: I have some questions with respect to funding for public health and I wonder if I might address them to your chief of public health in Ontario.

1120

The Chair: Welcome, Dr Basrur. Please state your full name and your position for the record.

Dr Sheela Basrur: Dr Sheela Basrur, chief medical officer of health and assistant deputy minister, public health division.

Mr Baird: Thank you, Doctor. I wanted to talk about the funding between municipalities and the province for public health, the 50-50 split. There's some concern out there that that funding may follow the 45%. So I wanted to ask you, given that we're well into October and that the calendar year for municipalities starts in January, I wonder if you could tell me if we have allocations for the public health file for next year.

Dr Basrur: Having worked at the municipal level for about 15 years, I'm well aware of the challenges that are posed to local public health units when ministry funding comes fairly late in their calendar year, which is their fiscal year. Suffice to say that we are trying our utmost to make sure that our funding letters get out as soon as possible. It is longer than I would have liked it to take, but there are some matters that are still in the decision-making process. As I'm sure the member is aware, I'm not at liberty to speak to all of the details within that except to say that we're committed to getting the money out as soon as possible.

Mr Baird: When might a municipality know?

Dr Basrur: Sorry?

Mr Baird: In Ottawa, for example, where I'm from, when would the city of Ottawa have an expectation of receiving the amount?

Dr Basrur: We are hopeful that it will be within a matter of weeks, not months.

Mr Baird: So that will be the end of October, early November?

Dr Basrur: Hopefully.

Mr Baird: Do you have a commitment that we will follow the 50-50? Is there a commitment that it will be the full 50-50 split?

Dr Basrur: Well, there is certainly a commitment to 50-50 funding in 2004, absolutely. Traditionally the ministry, as you're aware, has approved 50% of the board of health approved budgets. What we are currently engaged in is reviewing the board of health budgets as they have

been submitted. Some of those came in fairly late, which is why our end of the process has been late. But we're committed to ensuring that our 50% is covered, for sure. That money will increase in 2005 and beyond, as you're aware. In other words, the current ratio is 50-50. It will go up to 55-45 in January 2005. So in calendar 2005, we will be picking up an additional 5% on that ratio, and then it will increase up to 75% in 2007.

Mr Baird: So municipalities can be confident that that will be coming?

Dr Basrur: Absolutely.

Mr Baird: Thanks. I appreciate that. I have just one more question.

I read with great interest the Liberal campaign platform where they talked about independence for the chief medical officer of health. You have two roles: You're the chief medical officer of health and assistant deputy minister. That kind of looks like the way the previous government operated. How is it different? How do you operate differently from Dr Colin D'Cuhna, being independent?

Hon Mr Smitherman: I'd like to answer this question, and then Dr Basrur could follow, because there is one piece of information I can put in the public domain that she might not be able to. It's simply this: The matter of independence will be the subject of a forthcoming piece of legislation.

Mr Baird: How does it operate differently today than it did, let's say, a year ago under Dr D'Cuhna?

Dr Basrur: I can't really speak to how things operated under Dr D'Cuhna since I wasn't working at the province at that time. What I can tell you is that under Operation Health Protection, which is our blueprint for the future for public health, there is a commitment to codifying and strengthening the independence of the chief medical officer of health through amendments to the Health Protection and Promotion Act, the legislation the minister was just referring to.

If I go back to the plan that was announced publicly in June 2004, 60 days after we had received the interim report from Justice Campbell and when we received the final report from Dr David Walker, who chaired the expert panel on infectious diseases, it was clear that one of the components that needed to be strengthened was the independence of the statutory role that I hold. There were a number of elements that were laid out in that plan relating to the ability and the duty to make reports on matters affecting the health of Ontarians and, secondly, to having a removal of even the perception of political advice or, even worse, interference in public health decision-making. Those elements were set out in that plan of June 2004.

Mr Baird: Do you feel you have that independence today?

Dr Basrur: De facto, yes. It is nice to have it codified for clarity and, as I say, to remove any perception that anything untoward might be the case.

Mr Baird: As the chief medical officer of health, is there a protocol in place on how you're to deal with media calls?

Dr Basrur: A written protocol? Probably in a binder someplace. I would say that I have been given a green light by the minister, the deputy and communications branch, indeed encouragement, to speak out on any matters that affect the health of the public, whether it be tularemia in hamsters, food recalls or what have you.

The Chair: Frozen sushi?

Dr Basrur: Yes.

Mr Baird: I hadn't thought of that one, Chair.

The Chair: Please allow it to leave your mind.

Mr Baird: Last Wednesday your deputy—

Dr Basrur: Associate chief medical officer of health Dr Kurji?

Mr Baird: Yes, sorry; associate—said that he was going to re-review the raw sushi guidelines rather quickly. They had a big consultation process but didn't consult the sushi industry. Was that just completely self-initiated, or was there any suggestion from the deputy or from the minister's office or from the Premier's office that that might be good? I was struck that immediately that it became a media issue your associate just announced a re-review. Was there any pressure or any communication?

Hon Mr Smitherman: I think Dr Basrur can answer the question, but go back to my scrum on Wednesday morning—or perhaps it was Thursday, because I think cabinet was on Thursday. That's my public comment on the record. The public comment was entirely in support of the decision-making apparatus.

Mr Baird: I'm not questioning that. I'm just saying I thought it was rather strange. I just wanted to talk about this independence that you had. You said you've been given a green light. Was there any communication of any sort, any kind, from the deputy, from another assistant deputy minister, from the communications branch, from the Premier's office, from the minister's office, or was this re-review entirely initiated—

Dr Basrur: The message regarding a three-month window while this regulation is in effect to proceed with education as well as further consultation with the industry in order to ensure that everyone understands the rationale for the requirements, what the enforcement—

Mr Baird: I'm talking about the new three-month; not just a three-month. I understand, here in the city of Toronto—in Toronto Centre-Rosedale, that's where I enjoy sushi—they weren't enforcing it for three months. But then it appeared that there would be, from the associate who works under you, another three-month consultation. I just wanted to know.

Dr Basrur: No. I think, with respect, Dr Kurji's comments and what I'm saying now pertain to the same three months. In other words, often when a piece of legislation or regulation is introduced or changed, there is a window of time in which education is the predominant activity, and warnings and enforcement follow thereafter, so that you're not coming down like a ton of bricks as soon as a law is changed.

Mr Baird: But I understand, from the Toronto Star article, that there is a reconsultation, there's another three-month consultation.

Dr Basrur: Perhaps that's a misunderstanding. My view of the matter, just to answer your question, is that it was not on the advice or recommendation or direction from the acting deputy or from the minister or anyone else at a political level.

Mr Baird: So there is another three-month consultation being undertaken?

Dr Basrur: What I'm saying is, (1) if your question is toward this end, I was not pressured by anyone at the political level to back off; and (2)—

Mr Baird: Is there a three-month extension?

Dr Basrur: —there is a three-month window that we are using in part for education and in part for consultation. It is not a second three-month window. That period of time will be used to ensure that everyone understands the scientific rationale, that the rules are practicable—they are practical as well as being science-based—and that if there are any modifications required, everyone understands the reasons for that and we make them at that point, and that everything is straightforward, because there are some mixed opinions out there. Some public health practitioners feel this is well-grounded and that we should stay the course. There are some who feel that it's too much, too soon, perhaps, on a relatively small issue in the food safety scheme of things. So we'd like to gather that opinion and make sure we're proceeding down the right road for the right reasons.

1130

Mr Baird: Did you get any communication whatsoever from the minister's office or the Premier's office?

The Chair: Mr Baird, I believe the doctor has answered that question fully.

Mr Baird: No, she's felt no pressure.

The Chair: She's confirmed that for the record. I'd ask that you move on.

Mr Baird: Was there any response after the—there was somewhat of a media furor. Did you hear from them?

Dr Basrur: Sorry, your question was?

Mr Baird: Did you hear from the Premier's office, the minister's office, the deputy's office on this issue?

Dr Basrur: Certainly, whenever there is a contentious issue in the media, whether it has to do with a regulation or something in the newspaper or some matter of public concern, there's always a flurry of e-mails and issues notes and so forth that go up and down the system. I'm certain this was treated no differently from any of those other issues.

Mr Baird: Did they offer any opinion?

Dr Basrur: I can't recall, sir.

Mr Baird: OK. Thank you very much. I appreciate that.

Dr Basrur: OK.

Mr Baird: I have another question for the minister. So thank you for your questions, and best of luck in your new responsibilities.

Minister, I have a letter from the Ontario Hospital Association, dated September 20, writing to me as a member of the provincial Legislature to share some

urgent information with me. The OHA states that your funding "falls far short of meeting the real cost of caring for patients. ...hospitals are being forced to make some very difficult decisions on how to proceed." They say that they have provided you, over 10 months, detailed information about the funding pressures they face in 2004-05 and that their pressures are entirely predictable. It goes on and discusses various issues that we've discussed.

They've also included a list of examples of unprotected patient care services. You've given a list of patient care services which must and cannot be touched, but there are some other services here. It's a rather long list. I wanted to raise a few of them with you and find out why you didn't think these services deserved to be protected, among which are emergency—

Hon Mr Smitherman: I'm listening.

Mr Baird: I'm happy to give you a moment to look it over.

Hon Mr Smitherman: You keep talking. The more you talk, the more I'm going to talk.

Mr Baird: Things like emergency room services are unprotected. Things like services with respect to muscular dystrophy are unprotected. Services in the area of neural surgery are unprotected.

I was just in caucus and we were discussing a resolution that's going to be brought forward by the member for Etobicoke Centre on the importance of palliative care. Palliative care beds and palliative care clinics are not protected.

Oncology clinics, support for patients in Ontario with cancer, are not protected. A double whammy for people seeking physiotherapy services: Not only are they being delisted from the paid services provided in Ontario but apparently they're left unprotected as well. Another double hit for people suffering from cancer: Radiology services are not being protected. Spina bifida services are not being protected. Why don't these services merit protection, whereas others do?

Hon Mr Smitherman: I'm going to give John McKinley an opportunity to talk to you about the protected and unprotected status related to programs, which is a long-standing practice and certainly is exactly the same as the practices related to the way your government governed on these points.

A couple of points that I think are helpful to make: We've all seen the letter, of course, because it was sent to all of us. My message in response to it has been pretty consistent and clear, and it is that Ontario hospitals have had report after report after report and then a few more reports as well, about a foot and a half high, I think, if you stack them up, that demonstrate there are significant opportunities whereby hospitals working together can do a better and more efficient and less costly job of managing a variety of their affairs. Some hospitals in the province of Ontario maintain lab services, as an example, when other significant-scale labs are available for them to—

Mr Baird: Privatized labs.

Hon Mr Smitherman: No. With all due respect to your desire to fearmonger—

Mr Baird: This is the OHA, not me.

The Chair: Let him finish.

Hon Mr Smitherman: With all due respect, your suggestion that the lab that is operated by hospitals in the city of Toronto that have come together is some privatized facility is just baiting. The point here is that there is report after report after report that has indicated that there are considerable cost savings available to Ontario hospitals that they have not yet taken advantage of. I send the strongest encouragement to them in all forums possible to let them know this government wants to see progress on those points.

The deficit number that has been around and is quoted in that letter is the same number that's been around for five months. My message to Ontario hospitals, delivered personally on Friday, was that you can't really convince me that on an \$11.3-billion base, you can't find a penny of savings to set against that.

This brings us up to current. On October 15, Ontario hospitals are going to begin to send in reports, and Mr McKinley can give you more detail about that. Contained in there are going to be the options that they've considered, that they are considering, to address the budgetary challenges we're all facing in our day-to-day realities. It's the ministry's obligation, on behalf of the government, to determine which of those things that they put on offer are going to be accepted. So the basic message I send to you and to Ontarians is that the issue of protected is made moot by the point that our government will be involved in helping to make those decisions. We've indicated pretty consistently over the course of the last several hours I've been before this committee that it's our full intent and expectation as a government that we're going to work through these matters with Ontario hospitals on a case-by-case basis with a view toward minimizing impact related to patients.

What else have we done? We've really focused, we've really sent the Ontario hospitals into—we've put circles around other things like nursing, as an example, which under your government was the only place that hospitals really ever had to look. When they needed to balance their budgets in the past, what did Ontario hospitals do on your watch? They just laid off nurses. We're going to work through these on a case-by-case basis with hospitals and seek to ensure the least possible disruption to any care that relates to the patient by focusing the effort on saving money in those areas that are non-clinical.

I would like Mr McKinley to give you a history of the protected piece, because it—

Mr Baird: That wasn't my question.

Hon Mr Smitherman: Of course it was, around the issue of protected.

Mr Baird: I want to know why cancer care is not protected.

Hon Mr Smitherman: That's why I think the use of the word, especially as you've advanced it, is erroneous. I've sought to correct that. The second point I could

make is that there are enhanced volumes related to cancer care. Mr McKinley can put some of those descriptions in context in a very helpful way.

Mr Baird: It's from the Ontario Hospital Association.

The Chair: Mr Baird, you have one minute left.

Mr John McKinley: My name is John McKinley. I'm the executive director of business services.

The development of priority programs, as we call them, or protected programs, has been a long-standing practice between the hospitals and the Ministry of Health since the mid-1990s. It has largely grown from very specific programs that were indeed high-cost and had a high impact on a patient's ability to survive.

The program is designed so that individual hospitals are assigned targets in volumes of services. That's why they're considered protected. Those volumes are increasing every year in the majority of the high-cost areas, and we monitor those to make sure that services are provided. We get independent outside advice as to what the volumes should be through groups like the Cardiac Care Network and others, depending on the program.

Mr Baird: Why wouldn't you include oncology and radiology services in that list?

Mr McKinley: As I say, there are different reasons for different priority services.

Mr Baird: What about that one?

Mr McKinley: The challenge with oncology is that it is a very broad program, and understanding the breadth of all of the services that go along with cancer services, including systemic radiation and also the surgery that goes on in hospitals—it is a cancer service, but it is not protected in the same way. The volumes of services that are done through Cancer Care Ontario are part of the protected services as well.

Hon Mr Smitherman: On a point of order, Mr Chair: Can I request a two-minute break? I've been up since 6 o'clock. I've been drinking water since then. I've got to go to the washroom. I'm going to be right back. I'm happy to tack it on the end. I apologize.

The Chair: No, that's fine.

The committee recessed from 1141 to 1144.

The Chair: Ms Martel, you have the floor.

Ms Martel: I have some questions on home care. Minister, the government made an announcement about funding for CCACs on July 5, and I'm wondering, has that money gone to community care access centres?

Hon Mr Smitherman: Yes, but I'm going to get the director.

The Chair: The Chair recognizes Vida Vaitonis has returned.

Ms Vaitonis: Thank you. Yes, the money has flowed to the CCACs.

Ms Martel: Is it the same amount of money that was listed on the July 5 release; that is, the full amount has gone to each of them, in the amount that was listed centre by centre?

Ms Vaitonis: Yes, it has.

Ms Martel: In the budget—I don't know if you can answer this or not; Minister, you might have to—you

stated that the enhancements to home care are going to ensure that about 95,000 more Ontarians are going to receive care in their homes. How did you arrive at that figure?

Hon Mr Smitherman: At the same time, we've also put out numbers about the growth in home care, and the 95,000 figure is the projection based on the increase over the period of four years. So the language is "by 2007-08."

Ms Martel: Let me go back. It's based on what we're currently funding now times as much money as you're going to add to that system. Is that how you arrived at the figure?

Hon Mr Smitherman: Yes, but the ministry's going to have to give you some methodology around that, because they were the ones that helped to created the number.

Ms Martel: Can I have that? I'd like to know what the base year is that you're starting from, in terms of making that projection.

Ms Vaitonis: We would be looking at the 2002-03 base as a starting point when we were developing the formula to look at the additional funding, because we've worked over the last year on this particular process. It's a fairly simple formula. You look at the cost of the care, meaning the nursing visit, the homemaking visit, the social work visit, and you identify how many individuals you believe you will need to provide care to and the intensity of care—that means the frequency of their visits over the time frame—and then you look at what that total cost is and project what the full amount will be.

Ms Martel: So your cost of care must be an average, because it would—

Ms Vaitonis: Correct, but you look at the least amount of care to the maximum amount of care, and you average it out.

Ms Martel: Times the number of clients and the intensity? I'm not sure what that's a factor of.

Ms Vaitonis: Intensity means the number of visits over a week, for instance, and the number of visits per day that you would be providing.

Ms Martel: So you're using, essentially, the client numbers—am I correct?—from 2002-03 as the base, the clients served.

Ms Vaitonis: That was the basis on which we started to work on developing the amount of money that would be required, because those were the figures we had at hand for ourselves. We looked, of course, over the past years. You look not just in one year, but you look at the data from years before as well to help you design the program as it's going to unfold in the future.

Ms Martel: I have some questions about regulations. This goes back to some commitments made during the election campaign in the health document, Minister, when you said that a Liberal government "will remove the arbitrary Harris-Eves limits on home care. If you require care and want it in your home, and that care costs less than sending you to a hospital or nursing home, we will make sure you get it."

I'd be interested in what regulation changes have been made in the home care sector to remove some of the limits on care that were put in place by the former government.

Hon Mr Smitherman: I think that we haven't made any regulatory changes on that process yet. But one of the ways that we begin to address this—it's a little bit to the point that I spoke about with members from the government side a little while ago around what's happened over time with chronic care supports being diminished. So in addition to the amount of money that we've put into home care, we've also worked to shore up some of those community supports that are essential to prevent people from moving to institutionalization, along the line of the language that was referenced there.

Ms Martel: I'm thinking of supports that are now offered by CCACs. For example—and this was a case that some of your colleagues, Ms Papatello, in particular, raised under the Conservatives—one of the regulation changes was essentially to limit home care supports to two hours per day. You'll remember the case of Ms Leatham, out of London, who is a severely disabled special needs child whose care required much more than that, and who had been getting much more care than that from the CCAC. She needs more than two hours a day. As I understand it, that regulation is still on the books, limiting her care and the care of everybody else to two hours per day. That's an important regulation that has to be changed. It's a direct matter of you making that change and telling the CCACs to do something different. When can we expect a regulation change in that regard?

Hon Mr Smitherman: I think that, in part measure, you use an excellent example of the situation for people who have such a severe need. Another instance where we run into the service maximums challenge relates to some of the programming around palliative. We're working this year on the development of a palliative care strategy, and part of the money that's flowed to CCACs is money to assist them in helping us to develop that hospice and palliative care strategy. I think these are areas that will inform our knowledge about regulatory changes that are required to be able make that kind of programming more successful.

1150

Ms Martel: But, Minister, if might, I don't think I'm referencing—Marlo Leatham's case has really nothing to do with palliative care. She's a special-needs child, like many others in the province, whose parents are trying to keep her at home and who really require additional support. They had that additional support before the Conservatives changed the regulation, limiting the number of hours of care for their children. I didn't ask about palliative care, because I'm interested in a regulation change that would start to respond to special-needs children, for example, who now have their home care limited because of that regulation.

Hon Mr Smitherman: You'll note that as Minister of Health I abide by the rule of not talking about individual cases specifically. In some instances I think it's been a

challenge created by the absence of our ability to develop proper personal care plans for people and to give them more control over their own resources in those instances where the nature of the care need is so intense.

The reason I was making the connection with palliative is that palliative is an area of health care services that creates a very similar condition, which is that the need is sometimes greater than the care that is available. So working through those issues this year, as we are, is going to have the decidedly positive impact of helping to better inform our need for regulatory changes that would affect the kind of situation you were raising as well.

Ms Martel: Let me raise a different one that also doesn't include palliative care but was clearly a regulation the Conservatives brought in that was very limiting, and that was regulation 386/99. That essentially said that an individual who did not have a personal care need could not get homemaking services. I don't think that would require personal care plans to any great extent. What it does require is that regulation to be abolished and a new one put in place that says, "You don't have to have a personal care need in order to get homemaking services." There are many constituents in my riding who are well able to look after their personal care needs but certainly could have used homemaking services in order to stay in their homes. That's another example of another regulation that I thought would be changed by now, and I'm wondering when we can expect that change.

Hon Mr Smitherman: I don't have a timetable for the honourable member on that. I'm happy to work toward one and to get back to her.

I'd make this point: I've used this expression a few times already in my appearance and it's an expression that I use a lot. It's an expression that I think reflects the practical realities, which are that across the breadth of a \$30-billion ministry you work through your problems, you triage them. My first priority with respect to home care in this province was to get more resources for it. We've done that. The second priority was to begin to work on the processes around provider selection so as to ensure a greater degree of stability for patients and workers alike. We've embarked upon that by asking Ms Caplan to do that body of work. I think this is evidence that we're working through these challenges as relates to home care.

I want to say one thing further. You've raised the issue of homemaking services, and twice in these hearings this morning, the first time under questioning from the government party, I've been able to say that I think this is one of medicare's current frailties. In the movement to make home care so focused on post-acute, we have left behind what I might characterize as some of our more traditional home care services along the lines of home-making, as you referred to in your last question. I think as a result of that, it's evidence that this is an area where we do have more work to do. I can assure the honourable member that once we've had the opportunity to hear from Ms Caplan and to move on the recommendations she brings forward, we'll take that resource of our time and

energy and turn it to the other improvements that can be made to make sure home care is evolving in a fashion that works better for patients across Ontario, because we see it as an essential link to their independence.

Ms Martel: As I understand it, though, her review is going to take six months. Are you essentially saying we will not expect regulatory changes in home care to abandon some of the very restrictive regulations around care imposed by the Conservatives until at least six months from now, until Ms Caplan deals with the competitive bidding issue?

Hon Mr Smitherman: I think that's a reasonable expectation.

Ms Martel: Can I ask why you can't do those two things at the same time? She is off doing her work, and I appreciate that she is, but these regulatory changes are, frankly, extremely important. They were commitments that were made by your government. I really don't see what is the matter with having her out there doing her review for the next six months and your ministry being seized of at least two regulation changes which would significantly ensure that clients who had their service cut off or severely diminished under the Conservatives actually get some of those services reinstated.

Hon Mr Smitherman: First, in case I left an incorrect impression, let me fix it. I wasn't suggesting that the changes are dependent upon the work of Ms Caplan.

Ms Martel: They can't be. They're different.

Hon Mr Smitherman: Yes, but I never said it. What I did say is that I'm asked and our ministry is asked to work through a series of challenges. You've raised two. You've said, "These things can't be that hard. Why can't you just get on with it?" But that's not the way the world at the Ministry of Health works. There is a capacity to deal with challenges. We have taken on a considerable number of them and we're working through them.

The only point I would remind the honourable member about is that we were elected for a mandate, not just for a minute. The things that we ran on are things that we continue to be motivated by, but we've got to work through the series of these challenges. Look at what we've undertaken in 11 short months: significant renewal of public health, significant work on long-term care, lots of hard work and challenges around doctors' issues, negotiating agreements with the Ontario Medical Association and the like.

My only point is to say that the practical reality of our challenge at the Ministry of Health is not so different than the practical reality that Ontarians face or that you face, and that is, set against 200 things that we might wish to do is the practical capacity to deal with 35 or 45 or 50 of them. We're working our way through those lists in a very fast fashion and making lots of progress. Home care is a file where we have more progress to make.

Ms Martel: The clarification I'm seeking is that essentially what you have said is that until Ms Caplan has finished her work—and I didn't suggest that her work was dependent on regulatory changes—for at least another six months I should not anticipate any changes with respect to regulations in home care. Is that correct?

Hon Mr Smitherman: Yes. I think it's a reasonable expectation. We're working our way through our issues with respect to home care, and regulatory changes that are appropriate will follow.

Ms Martel: Where does the repeal of Bill 130 come in in terms of that time frame?

Hon Mr Smitherman: I think this is the same sort of time frame that's appropriate to deal with. Our priorities have been established: more resources and working to try to enhance the capacity of providers and patients to have stronger continuity of care. Those are the things we're tackling. As we make progress on these, and our energies can be reallocated to other priorities, that's the way we work, because our capacity, our resources—the limitations of time and of the government timetable are very genuine. Accordingly, we have to be very focused and work through the long list of problems and challenges that exist in health care today.

Ms Martel: Just to be clear, I should not expect a repeal of that legislation before six months.

Hon Mr Smitherman: Yes. I think that's a reasonable expectation.

Ms Martel: OK. Let me deal with community supports and supportive housing. I want to raise a question with respect to clarification of what the increase is. My understanding from the press release in July was that you had announced about \$29.2 million for supportive housing and community support services. When I look at vote number 1409-1—I assume I'm looking in the right place, and someone is going to help if I'm not—if I look to the two line items of community support services and supportive housing, it reaches a little over \$16 million. Can I have some clarification from staff or whoever wants to provide it to me of what the actual vote is in this regard? Because I don't see where the \$29.2 million comes in on the line-by-line voting.

Ms Vaitonis: Just so I get your question, you're asking where the full amount of \$29.2 million comes from?

Ms Martel: Is coming from, yes.

Ms Vaitonis: There was 14.3 million new dollars added through the budgeting system, and within our current budgeting process, within our current allotment from previous years, we knew that there was funding that had not been spent on community support services. It was actually funding that had been underspent, particularly around initiatives or areas where there was, for instance, not an uptake. I can speak particularly to the Homemakers and Nurses Services Act, which is a cost-sharing program between ourselves and the municipalities. The municipalities are the driver for that particular program and they have not accessed it, although we had to leave monies aside for it. So after looking at a five-year history in the past of the monies being underspent, we decided to use that money to add capacity to the whole system, in particular to the community support service side. That's where those dollars were found.

Ms Martel: Just so I'm clear, of the \$29.2 million that was announced, \$14.3 million was the actual amount of new dollars.

Ms Vaitonis: Correct.

Ms Martel: And has that money gone out the door to the community support service agencies?

Ms Vaitonis: Yes, it has.

Ms Martel: When did it go out?

Ms Vaitonis: I'd have to check the actual date. We sent letters out in July from the minister himself.

Ms Martel: Letters went out, but I mean the cheque's in the mail.

Ms Vaitonis: Yes. Actually, I believe the monies have flowed but I can confirm that with you after I speak to my staff.

Hon Mr Smitherman: The point is, if you're running an organization in Ontario and you get the funding letter, you're operating on the basis that those resources are in your account. We all know that.

Ms Martel: Except, if I might, Minister, these are community-based agencies that haven't seen an increase in a long time. In fact, many of them have been laying off staff because they haven't seen an increase. So I'm sure a lot of them aren't taking that to the bank, because they don't have the capacity internally to actually hire new staff. I think that's the situation with many of these community-based agencies. Correct?

Hon Mr Smitherman: Yes. No doubt smaller budgets have different challenges, but please at least acknowledge the distinction between an announcement, which of course there's always going to be scepticism around, and the actual receipt as an organization of the funding letter. There is an operational response that occurs in the heart of the board or the executive director that says, "We can now begin to plan around these resources." Yes, of course, cash in the bank is what actually gets it done, but the funding letter is significant. When the funding letter lands on the desk of the board chair, the CEO or the executive director of the organization, this is a significant piece of news.

Ms Martel: Except, Minister, you and I both know that a lot of these community-based agencies don't have the flexibility, all right? When a new employee actually starts and additional services are actually added is when they get the cash in hand, not before. That's the same for this group of agencies as it would be for the community-based agencies delivering mental health as well, because of the pressures they've been under. There is a huge difference between when the announcement is made, when they might get the letter and when they actually might be able to hire a staff person to provide additional resources in the community.

Hon Mr Smitherman: No doubt whatsoever, but let's not forget that most of those funding pressures began when you were in government.

Ms Martel: Minister, I think there was a significant difference between the recession under which we governed and the money that you're getting, both through the new health tax that you've imposed on people and the federal money, which I hope is going to be spent on health care services. I guess we'll wait to see if it really is, won't we, Minister?

The Chair: Thank you, Minister, and Ms Martel. We have come to the conclusion of Ms Martel's 20-minute cycle. This committee stands adjourned until 1 o'clock.

The committee recessed from 1204 to 1305.

The Chair: The standing committee on estimates is reconvened. We're welcoming the Minister of Health and Long-Term Care, the Honourable George Smitherman, and I'd like to recognize Mr Wong in this rotation.

Mr Wong: I will continue with my questions on public health, health promotion and disease prevention. Minister, I'm happy to see that funding is provided to increase capacity for health promotion through information dissemination, consultation, training and networking across the province. My question relates to information dissemination, and this is one you've probably heard before. In York region, about one third of our residents were born outside of Canada, and in my riding of Markham the majority of them do not have English or French as their mother tongue. How are we dealing with the language aspect in that regard, outside of English and French?

Hon Mr Smitherman: I'm going to ask Dr Basrur to come forward to either back me up or contradict me. My instinct is—of course, I'm a resident of the city of Toronto and I see that Toronto makes decisions around how it's going to communicate with its residents. Obviously, in a situation where we have a very diverse province and the information we're communicating is of such an important nature because it's around personal health, the question you raise is a good one. I'm not sure what the practice has been about the dissemination of public health information in languages other than English and French.

Dr Basrur: To build on the minister's comments, there are a number of mandatory programs under the Health Protection and Promotion Act. One of them is known as equal access, which requires all boards of health to either provide or ensure the provision of services with due regard to barriers to access, whether they be language, literacy, geography etc. Clearly, in the GTA, it's evident that language can be a significant barrier to accessing available services if materials are not translated either in written form, video, verbally etc. It's up to each local board of health to make a determination of the barriers that face those residents in understanding and accessing available public health services and to do so accordingly.

The ministry monitors self-assessed compliance with the equal access standard on a periodic basis and collects those statistics. I will say, though, that under operation and health protection, we need to do a review of the capacity of local public health units, which will include an assessment of their ability to properly meet all of the needs of their populations, including with regard to language barriers.

Hon Mr Smitherman: One piece of further information: When the ministry is doing communications, paid advertisement, around specific health-related concerns, we have a standard package of 21 languages that

we use community newspapers for, to assist us in disseminating to that list of communities. The communications branch is going to get us a list and I'll circulate that to the membership of the committee, to show them what our standard package of languages is that we're attempting to get information out to. When we do notification using community newspapers, we do a very broad expanse of languages.

Mr Wong: Thank you for that answer. Minister, you have said it yourself that information in relation to health issues is more important than some of the others, because to our residents it could be a matter of life and death. So I do hope that the ministry will monitor the progress of various municipalities and do a good job in so doing. My understanding is that in York region some of the pieces are either translated or summarized in six languages. Of course, every municipality is different. So I want the ministry to take note of this, that this is something we should do more than just pay lip service to. We've always said that our diversity is an asset, and multilingualism is part of the work we're trying to target.

Hon Mr Smitherman: Point taken.

Mr Wong: My final question relates to the promotion of wellness by changing people's attitudes, opportunities and practices regarding their health. I know you are supportive of TCM, traditional Chinese medicine. What will happen in that regard?

Hon Mr Smitherman: The issue of traditional Chinese medicine is one that we're going to undertake a body of work on very shortly. We think it's important to make sure that we're doing an appropriate job of regulating those professions. We've seen some instances, especially from the province of Quebec, with health concerns around acupuncture, as an example, and that dictates that from a public health point of view, we should act on that. That's a matter on which we expect to be in a position to seek a lot of input from constituents and from members of the Legislature.

1310

I think it's incredibly important that we should be sending strong signals and messages any time we have the opportunity to be involved in some element of health promotion. We often refer to getting resources upstream or driving them down to the community level. This is entirely consistent with our goals as a government, that we believe the best health care is the health care that you find as close to home as possible. It follows, therefore, that we should be making sure we take advantage of the provision of all of those services for what they can do in terms of promoting healthy and active lifestyles.

Mr Wong: My final question relates to outbreaks of disease, and I'm referring to SARS and the avian flu. I think some of your staff members are aware of the fact that there have been, apparently, some outbreaks in Asia. With the increasing amount of international travel and interaction of globalized businesses, of course, how are we going to be prepared for such outbreaks if they do happen?

Hon Mr Smitherman: I'm going to give a first answer, but I think Dr Basrur, with her obvious expertise, should follow suit.

We've worked hard in the days—obviously, many of the people who are supporting me today are professionals from the Ministry of Health and Long-Term Care, and they are a battle-hardened group as a result of the experiences that they went through collectively in helping to bring SARS to an end in the province of Ontario. The fact is that those experiences and the work of Dr Walker and the expert panel on infectious disease, the work of Justice Campbell and Dr Naylor as well at the federal level, have dramatically informed our sense of what's necessary.

Clearly, there were serious gaps in the communications capacity of the provincial health infrastructure. I had an opportunity yesterday, in answer to the member from Nepean-Carleton, to point out that we're spending, I think, \$12.7 million this year on the expansion of the kind of communications infrastructure, the computer infrastructure, to make sure we can adequately tackle these things. We've put together a very, very significant committee of health service providers who have worked to develop pandemic flu plans and the like. So much progress has been made.

We don't rest on these matters, because we've seen Ontario tested. We want to make sure that if Ontario is going to face any future tests, we're better armed, that we learned the lessons from last time. But way more important than that, we're working to make sure that we put in place a system that's designed to prevent infectious disease spread in the first place. That's why another element of expenditure increase that I had the opportunity to discuss with the minister, the member, from Nepean-Carleton yesterday—I just made him very happy; he thinks he just got his car back—was that we will also be working to better inform the public about the very practical things we can do as individuals to protect ourselves against the spread of infectious disease.

I'd just remind people, and maybe it seems too basic, that there was an incredible lesson learned in SARS about the power of the individual, about the extraordinary opportunity for reinforcement about the need to do something as simple and basic as hand-washing. That helps to make the point, which I think is an essential one, that if you want a good health care system, there's an element of personal responsibility and personal opportunity to influence the extent to which we're properly addressing a variety of health care challenges. That's an important lesson that was learned.

I think Dr Basrur could give even more insight.

Dr Basrur: The minister has well summarized the major lessons that were learned from the SARS experience. I would only add that one of the observations arising from the many reports that were done was that the three levels of government were not working in a truly efficient and co-operative fashion as much as the public might have expected during the SARS outbreak, for a whole variety of reasons. I think one of the battle scars

that those of us who survived that experience now bear is that if you don't find ways of co-operating, then the public's health can be at risk.

So I'm really happy to see that the federal government, for example, has created a public health agency, that the provincial government has committed to creation of a public health agency, and that we have a new national chief public health officer who is extremely well respected, credible, and I think extremely able to do an excellent job for Canada in making sure we have good surveillance information coming through the WHO, the CDC in Atlanta and other areas so that we're not caught unawares of outbreaks or emerging diseases that may be occurring in other countries. Secondly, the provinces, territories and local levels are working together much better. Certainly in the Ontario context I have received nothing but offers of assistance, lots of advice, many offers of support from local medical officers of health and from a variety of health care practitioners and hospitals in other settings. No one wants to see a repeat of things that go wrong; they want to learn from that and do it better next time.

The Chair: Mr Arthurs?

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge): My question is around the area of cancer care and Cancer Care Ontario. Perhaps I could just premise it with an acknowledgement of the fine work done by the thousands of individuals this weekend in walking, running, pushing strollers and raising some \$19 million for breast cancer research. I think it's a pretty good indicator of the engagement of the public in our health care system from their own private and personal efforts. I know Mr O'Toole and myself have a particular interest in the Lakeridge Health site, in which there's a Durham facility currently under construction that went through a long process of approvals through multiple governments and public engagement.

I note in the estimates that there is some \$360 million or thereabouts for Cancer Care Ontario, increased this year by about \$52 million, some 16%, which is certainly well above the rate of inflation and well above what might go to the hospital system. What do you expect, Minister, as outcomes from the additional funding, some \$51 million or \$52 million being allocated to Cancer Care Ontario for research and work in the cancer area?

Hon Mr Smitherman: The additional funding that is allocated to Cancer Care Ontario is in a certain sense a continuation of the trend line. The trend line, of course, that's facing us in the province of Ontario and facing people very personally as family members and as patients is that we have a pretty significant growing disease pattern with respect to cancer. This is causing a very significant expansion and therefore ongoing investment in our cancer infrastructure. You make the point that in Durham region we're building a new facility at Lake-ridge. I'm pleased to see that the program is ongoing.

Perhaps what would be helpful would be to highlight just some of the areas where the additional funding is being attributed: \$10 million, approximately, for the

delivery of radiation and systemic therapy, which is an increase of 7.5% in volume on those services; a 5.1% increase in new case volume; \$29 million for integration of the 2,100 staff. So this is an important piece of the contribution. As the staff of Cancer Care Ontario were transferred to operation of the host hospitals, there were some costs associated with that. This assists it.

In fact, the number, in a certain sense, is already understated. This will go back to some issues in the Legislature that the Chair and I have had the opportunity to engage in, and that is around the new drug funding program. We have, in-year, already made one significant new allocation of resources for new drugs, for program growth. We have an expectation, with a significant portion of 2004-05 yet to go, that there will be a further in-year allocation that's necessary in order to support those programs.

The last point I'd make is that we should expect as a province to continue to need to align additional resources behind the fight against cancer. We're obviously extraordinarily aided in this endeavour by two things which are really noteworthy. The first is just the extraordinary capacities we have in our province in the form of the talented women and men who work on the front lines of delivering health care to those people who are struggling with cancer, and also those women and men in research who are contributing so much to those causes. And then, to make the point, especially after the kind of outpouring of support we've seen not just this past weekend but with the walk, there is obviously an enormous amount of community-based focus on the challenges around cancer. Individual patients in Ontario continue to benefit every single day from the fact that there is so much local fundraising initiative going on to help support what is obviously still a very, very pressing demand for cancer services.

1320

I would just like to follow up a little bit on the theme that the member for Markham raised around prevention. I gave a lengthy answer about the resources that were required to align behind the fight against cancer. The fact of the matter is that a lot of power here is also in the hands of individuals. Government has a responsibility to stand up and try to encourage people to assist them in staying off tobacco in the first place or dropping it as a habit if it's something that they've picked up.

We have a very aggressive tobacco strategy forthcoming, a piece of legislation that has been much talked about and is the subject of significant progress. I really do believe that we can demonstrate significant progress on the prevention side, keeping in mind the sobering reality, which is that tobacco-related cancer alone currently robs us of 16,000 people every year in Ontario. That robs us of their contribution in the community and it robs families of loved ones. This is a pretty compelling piece of evidence, and that's why we're going to move forward in such an aggressive way with a comprehensive tobacco strategy that, as I've mentioned earlier, has been lacking in Ontario really going back, most people around

these files would say, to the point that Ruth Grier was the health minister in the province of Ontario.

Mr Arthurs: Thank you, Minister. To change gears almost entirely, can you give us a bit of an update on what the status is and expectations are on the child vaccine programs announced earlier in the year?

Hon Mr Smitherman: Dr Basur or Dr Kurji might be better able to give some more detail on our program around child vaccinations. I'll tell you that I'm pretty proud of that program. I gauge some of this stuff by what people come up and talk to me about at community events or when I'm walking home, and the like. This is one that really touched a chord, of course, especially for families, not just because they were being forced to foot a bill, but any time you've got something that's available that can protect our kids and have the incredibly powerful impact as well of helping address some of the challenges around hospitalization, government should move forward.

We encouraged the federal government soon after we arrived here to make some funding available. They did make money available on an interim basis. This has given us the opportunity to get a program up and running, but after three years this will be money that the taxpayers of Ontario, the people who are paying tax into the province as opposed to the federal government, will have to foot.

Having said all that, we're proud about what this program can achieve and we've been excited by the response that's been received at the community level. I think Dr Basur could be helpful in giving some sense of the scope of this program.

Dr Basur: As the minister said, the three new childhood vaccines that are being funded starting this fiscal year will include: meningococcal vaccine, which helps prevent invasive meningococcal disease, the cause of meningitis, septicemia, mental retardation, premature death etc; varicella, or a chickenpox vaccine; and pneumococcal vaccine, pneumococcus being a bacterium that can cause a variety of illnesses, particularly pneumonia, meningitis, septicemia and the like. The age groups that are particularly at risk for these conditions can be the very young, very sick, very old and, in the case of meningococcal disease, there is also a recurrence of its incidence in the teenage years. So the program has been designed around the epidemiological facts of the disease and how it occurs in populations.

We've used the available money to its best effect to ensure that we're building on programs that currently exist in the community either through the local health units and/or local community physicians.

If the honourable members are interested, I can provide further detail on who's eligible, when, and so forth.

The Chair: Thank you, Mr Arthurs. Your time is complete.

Mr Arthurs: Is it currently rolled out?

Dr Basur: It is in the process of being rolled out. Actually, of these vaccines, there has been a gradual increase in eligibility, going back to July 2004, with

pneumococcal vaccine for all high-risk children. And from January 2005, it will—

The Chair: I believe the answer is they have already begun. If you can give a fulsome report to Mr Arthurs, it would be helpful, but they are—

Hon Mr Smitherman: We'll circulate it.

The Chair: Thank you. A quick question?

Interjection.

The Chair: Well, you have the floor. Who am I recognizing? Mr Baird.

Mr John O'Toole (Durham): We have a point of order here.

Mr Baird: I learned that Mr Wilson is unexpectedly attending a funeral, and we have the votes on these estimates at the end of the day. So I wanted to ask for unanimous consent to use a sub for him, after the 9:30 deadline.

The Chair: Is there unanimous consent to agree to the sub for him? Agreed. Thank you.

Mr O'Toole: I have a couple of areas I'd like to comment on and maybe a couple of questions at the end—nothing too insightful. I had the privilege of working in the Ministry of Health for a couple of years and learned a considerable amount and contributed a very little amount, actually. But I did learn a lot and I really respect the people there.

Hon Mr Smitherman: That's not what my briefing notes say.

Mr O'Toole: I would just say, if you're not learning, you're not listening. Hopefully that's what you—

Interjection.

Mr O'Toole: Yes. Anyway, we'll keep this at a very professional level.

The first one is Lakeridge Health and its current challenges. As Mr Baird has outlined for the Ottawa area, it's my duty and privilege to represent the Durham riding, which includes very complex issues that I will bring in some detail in a moment.

The second one is the whole idea of your election commitment, the waiting list issue. I think it's fancy wording and I'd like some clarification on waiting how long. Everyone wants to wait shorter. I want to know what the benchmarking is, when that starts and when it will be made clear to the public how long is appropriate for what services.

The number three issue I want to mention in some detail is the doctor shortage issue. I have three areas with under-service issues: Port Perry, Bowmanville and Oshawa. In fact, I wrote two or three years ago to the medical officer of health for our area and asked them at the Durham regional level to declare the whole region underserved. We're spending all this money on these consultants going around listening to stakeholder input. You'd have to be brain dead not to know that we're completely underserved in every area, yet we spend about \$100,000 going through this litigious type of exercise, which I think is less imaginative than what we could do, as publicly elected people. In that area, under the doctor shortage, I want to know something about the

nurse practitioner role and its expansion into scope-of-practice issues, and your new term, LHINS, for family health networks. There's something I would like to ask about there.

Number four: Dr Basrur was mentioning something about the lack of infrastructure on the IT side. Maybe I'll make a couple of comments there, as that was the area that I spent most of my time with, the Smart Systems for Health or the NORTH Network or the e-Health initiatives, in all of which we invested a considerable amount of money. When I looked at other provinces, we were so far ahead that when Radwanski, who was then the Privacy Commissioner, came here to appear before a committee, I couldn't believe how out of sync he was with where we were going on health privacy matters, which were imperative in those policy-level decisions before we developed the infrastructure for warehousing of personal information.

Those are the four areas I'd like to mention in more specifics on the second round.

I've met with the Lakeridge Health board—Anne Wright and Brian Lemon—on a number of occasions more recently. As I understand it today—I'm certain they have written to you or to John, the ministry director—they have a \$19.4-million deficit this year, accumulating to \$23.1 million next year, for a total in 2005-06 of \$42.5 million. It goes back to Mr Baird's point earlier about what are they going to cut. I'm just going to mention a couple of things. It's a multi-site facility. All of this I'm just doing to be able to communicate with my constituents in a copy of Hansard. That's why I'm doing it really, to put a voice on the official record of what my constituents are telling me.

1330

In a real case there are many diverse community needs, like in Port Perry. It's an excellent community hospital. It has a clinic kind of environment, and the leadership there, as you mentioned yesterday, Minister, is remarkable in the clinical world, I guess you'd call it. I think Dr Stewart is the one who did the study on the overuse of antibiotics, but there are other leaders as well. A lot of new doctors are recruited there because of the team environment. It's excellent. It should be a perfect model.

I worked with Dr Ruth Wilson—she visited the doctors there—to try to have them join a family health network. The whole issue came down to technology—who is paying for it, the licensing and all the stuff—and who is paying for the nurse practitioner. I think she would have recommended—and hopefully she is still on the job, because I found her very professional—to find a solution there to get them to work together. It all comes down to money, basically. They will roster more patients if you solve those two issues, for sure. They would probably increase the rostering caseload by as much as 20%, and that's really what it is: rostered practice. I kind of support that solution.

Very specifically, in the Lakeridge site model problem, the Port Perry community is absolutely polarized on

the issue of providing birthing and supportive pediatric services at that site. They will not give it up. I'll be supporting them, obviously, because I get elected there. That's what this comes down to in the popular sense. There is capacity at Lakeridge Oshawa, all kinds of it. Bowmanville gave up their site but they got an ophthalmology program, the Eye Centre, in Bowmanville. They were prepared to give up their birthing centre.

This is a very emotional issue and it's hard for you. I empathize with you because you're going to take these underutilized capacities out of one hospital and just put them in another, whether it's cancer or whatever. Do you understand? This is huge. I don't know how you can get around it. You've got to be very clear on that. That's a case where Dr Cahoon, who was the chief medical staff for that site at one time, an eminently respected key stakeholder in the area—he is now sort of retired from active practice. I think he's doing some consulting work. He's now on the Lakeridge board, with the intent of having a lot more technical input on the board. As you know, these are corporate-type decisions. Good luck, because they won't be taking any money or any services out of Port Perry.

If you look at that whole Lakeridge challenge, the multi-site, dialysis issues, I knew, when the Health Services Restructuring Commission was going through there—having served on a health and social services committee locally, I'm fairly familiar with the struggle, as is Wayne Arthurs—this is a huge issue. If you look at your new model of organizing health providers by regions, if you will, somebody would wonder why we had the Rouge Valley and the Lakeridge Health splitting Durham region, when all the regional health services are supposed to be aligned. So there are things that could be done that aren't money that could make it more logical for the residential base. But I'm just going to mention that program, the birthing issue—huge issue—and I'm sure it's the same in every other region.

This shortfall in money, as Mr Baird has pointed out, is chronic, systemic and historic. It's not related to ideology. If the hospitals start backing up your emergency—bingo—you're on the front page and you're out of a job. They'll put somebody else in. They'll put Sandra Pupatello in there or something. That's the way it is, because they can put you on the front page in a matter of a week. Toronto did it to us weekly. Backed-up emergency—bingo—people in the hallway; CBC comes in, 6 o'clock news and the minister is in trouble the next morning. It's story time.

The next thing I wanted to mention was that we had lots of problems, and this is just one example of many, of the utilization capacity of the Eye Centre in Bowmanville. They were servicing quite a large catchment area. Durham region has over 500,000 people, plus there are Northumberland and Peterborough people taking advantage of that. They had ophthalmologists—the specialists who do this procedure is a whole separate, subordinated issue—but it's a who-can-do-the-procedure kind of issue. Who gets the operating room time is the deal.

There was a huge problem of customer waiting lists. So when you talk about waiting lists, I'm dealing with people who have scheduled time off work, scheduled child care or home care or whatever kind of supports they need to do this procedure, and then the procedure is cancelled because some anaesthesiologist is on vacation or whatever, some problem, and we're told there's no more money. I understand that you've committed to an additional 9,000 procedures for cataract; I think I read that. We're counting on that kind of service.

Waiting lists are really what I'm talking about as they apply to the community, and waiting lists aren't unique to hospitals. I'm dealing currently with a family that has a mother in the early stage of recovery, hopefully. It could be the latter stage of life; it's hard to say. I've written to you on this. I won't mention the person's name for personal reasons, but I have written to you just recently. The daughter has taken a considerable amount of time off work, to the potential risk of her own family, and she is being put on a priority list. Under orders from the doctor on the discharge plan from the hospital they were supposed to receive personal support, and medical support, I think, but they hit the two-hour-maximum benefit. Basically the person can't stay home alone, not unlike the issue Ms Martel is raising. If you're going to look at individual cases—and the CCACs in my area seem to have large waiting lists.

On the waiting list specifically, Minister, there's a question: What is the appropriate waiting time for hip, knee, cardiac, whatever? I want to know where you're starting so that in 2007 I can say, "Good for you. You made it." But if you're just going to say the big story is waiting lists and not tell me when you're pressing the go button, what's the benchmark? I want to know what your benchmarks are on these particular services, whether it's cancer—what's appropriate? Any amount of time for my constituents is inappropriate. I'm just saying that's the reality. If their mother, father, sister or brother has cancer, they want the treatment the next day. So I don't know how you can win on it. No one tried harder than Elizabeth Witmer. Some would say she ran away with the chequebook, but somebody else got the cheques. We spent a ton and got not as much as we would have liked.

On the doctor shortage issue, I'm interested in whatever acronym you use to call these primary care providers: pharmacists, and hopefully physiotherapists would be in that, but you've delisted them, more or less. They're part of the rehabilitation group that should be there as the health provider team that you keep referring to. I think that is the future, it is the direction, and without it you're in big trouble there. All the doctors want to be on salary, with a pension attached to it.

I also think, more imaginatively, expanding the role of the nurse practitioner would be a bit of a stick in the eye for the OMA, if you expand their scope so they could do prescribed acts, controlled acts, all these various technical things I don't know much about, except I know they exist through the college. Have you done anything in that area? That would be quite imaginative, cost-effective and

would create some, if you will, minor competition with providers.

I have been in meetings, Minister, where doctors have told me—no press involved in these meetings—they're not doing all the heavy lifting. They like some of the flu cases or broken fingernail stuff just to do the billing. If they were going to get all the heavier caseload, you'd have to rejig the whole fee-for-service schedule because they're not doing all the heavy lifting. They've told me in private meetings, groups of 10 and 15 physicians, all of whom I respect, by the way. My physicians are a husband-and-wife team. I won't mention their names either, but they're in the Courtice Medical Clinic. They're both retiring at the end of the month and my wife and I have had them—now that I'm over 60 and I need their help, they're leaving. I can't believe it. I don't think anybody would want me. But I would like a response on that.

The IT issue: It's my understanding that the province of Ontario is basically the leader in integration. The issue there remains on health privacy, patient information records. We already have exemplary models—too many of them, perhaps—across Ontario of excellent HR and patient record information. We even share digitized information on diagnostic equipment and lab results. We're doing a lot of that under the nine modules of the Smart Systems for Health Agency.

1340

I see you're putting \$35 million, I think, into the IT cluster. Is this going to improve what Dr Basrur referred to as an inadequate system for patient tracking? All of that is really basically tied to public health provision of service, because they are part of those modules of smart systems. With that bundle—I try to use half the time and give you half the time to respond. I did cover four areas.

Hon Mr Smitherman: I could have done that.

Mr O'Toole: Yes, you have this standard package of blah blah blah.

Hon Mr Smitherman: I get paid by the word.

Mr O'Toole: Paid by the word. Good.

Mr Baird: You put Elizabeth Witmer and Frances Lankin—

Mr O'Toole: Exactly. Frances Lankin can talk longer than anyone.

The Chair: Minister, just to let you know that you've got four minutes to respond.

Hon Mr Smitherman: I want to say on the issue of Lakeridge overall, of our \$469.5-million funding increase, they were a beneficiary of \$2.1 million. This contrasts, as an example, with the record of the previous government which, in 1996-97, cut hospital funding by 3.5% or, in the 1997-98 fiscal year, cut hospital funding by 4.4%. In those two years, they reduced hospital funding by \$557 million on transfers. This is while they were closing 28 hospitals in the province.

I just want to say that the last budget they brought in, the Magna budget, indicated that their forecast for hospital funding this year was \$700 million below what we have actually allocated.

With respect to the issues at Port Perry, I have had the chance to meet with the mayor and with many of the communities with the smaller hospitals in the networked hospitals that have really felt that a lot of the migration of services has been to the larger hospitals in the network.

The message I send to all Ontario communities is that their hospitals have a proud history and a bright future, but the future should not be confused with the status quo. In other words, we shouldn't suggest, as an example, that an obstetrics program, if volumes dictate, shouldn't be moved because it has always been there. If the evidence is clear—and in the case of obstetrics, it tends to be—that clinical volumes or, in other words, a hospital doing more births has a healthier outcome for baby and mom alike, we shouldn't hold on to those programs just because they've been there historically. I don't know the volumes on Port Perry, but I just want to make that comment overall.

When I met with the mayor of Port Perry, what I said was that I wanted to work within the system, and I've been doing that, to make sure we find a valued role that each hospital can celebrate. Bowmanville stands out as a terrific example.

Before I get there, one last point on Port Perry. When you went with Ruth Wilson, whom we have really reassigned in the same role because she is a woman of extraordinary calibre who offers so much to our province, the things that were missing—a nurse practitioner and technology money—are things that, as a result of initiatives that we've undertaken, will now be available.

Family health teams, on a basis of rostering, mean that nurse practitioner funding will be possible. We, as a government, fulfilled a commitment that your government had made in the OMA agreement it signed, which was to provide money for physician technology. When we arrived, even though the agreement was at its end, that was a bill that had gone unpaid to date. We've flowed those funds, and that means that on both of those points, those physicians would encounter more opportunity to fit within the models that we're working on.

In Bowmanville, what I want to say is this: Your community hospital there and the program around cataracts is a celebrated program of the Ontario health care system. As we seek—and this will occur very soon—to expand volumes, I would think that it's a reasonable expectation that Bowmanville will continue to be a place that we invest in. I can't make a commitment that they will get increased volumes, because we want hospitals, frankly, to be competing somewhat for those, but Bowmanville, on its record, is well placed on that.

Wait times is an issue that is a bit complex, but here is the simple point: Saskatchewan is the place in the land that pretty much everybody agrees is further ahead of everybody else. What we're doing to build a wait-time strategy, to get to the point that we can say, "This is a clinically appropriate standard and this is how we're doing measured against it," is to adapt the Saskatchewan model for Ontario. That's the fast-forward point. Way better than that, we've got the same guy, Dr Peter Glynn,

who's from Kingston and has been working on this project for Saskatchewan, assisting us, working alongside Dr Alan Hudson.

By next year, we will start to put all of the wait-time information that we can assemble on a Web site and use the Ontario Health Quality Council to begin to report this. This will evolve over time, because Ontario, frankly, on the date of collection for appropriate wait times, does lag behind because doctors have historically been the source of this information and so it has been very difficult to bring together. We're making great strides on it.

Mr O'Toole: Are you using CIHI?

The Chair: There is little time left.

Hon Mr Smitherman: CIHI—we're using ICES, the Institute for Clinical Evaluative Sciences, that's linked to Sunnybrook. Dr Glynn is the chair of that board, and they're our partner in it.

Did you say "time"? I'm sorry, Mr Chair.

The Chair: Yes.

Hon Mr Smitherman: Could I have just 30 seconds longer?

On the issue of technology infrastructure, I would agree that as you travel around Ontario there are some tremendous examples of technology, but I would make a very strong criticism, which is that we have not implemented technology; we've moved forward with different pieces of platform in different places unequally and we have this patchwork quilt. We're trying to refocus smart systems a little bit more toward our transformation initiatives to make sure that the priority focus we bring to issues is on a parallel track with the priority investments in information technology.

Underscoring this point is the commitment we're making to building the appropriate public health technological infrastructure. Those are initiatives that were undertaken in response to SARS early on by your government and that we have just propelled forward this year—in this case, more than \$12 million of additional resources to get that deployed across all public health units in the province of Ontario. It started in Toronto and York, for very obvious reasons, and we're spending 12 million bucks this year to get that deployed more broadly across public health units.

The Chair: Ms Martel, you have 20 minutes.

Ms Martel: I have some questions on community mental health. First, I'd like a clarification of the vote itself. On June 14 the announcement for funding for community mental health agencies was for \$65 million. The vote in the estimates on page 133 shows a vote of \$62.8 million. On page 134, the change in funding actually shows \$60 million. So can I get a clarification? Was there money that was underspent that was applied?

The Chair: We welcome back Mr George Zegarac, the assistant deputy minister, community health division.

Mr Zegarac: The amount, as the minister has said, is \$65 million. Of that, \$60 million was the community mental health allocation, plus \$1.48 million for some mental health supportive housing. There is some pay

equity funding in there. That brings us up to another \$800,000 that we allocated to substance abuse and problem gambling. That brought us to \$63 million—this is on page 134. The remaining \$1.3 million is basically some pressures that we continue to fund, and we found the money from within to reallocate that allocation.

Ms Martel: Just to be clear: The actual amount that's going out to agencies, does it include the proxy pay equity? Is it pay equity for agencies as well?

Mr Zegarac: It does.

Ms Martel: So what is going to agencies would be what shows on the line, \$62.8 million, plus the \$1.4 million? Am I correct?

Mr Zegarac: Right.

Ms Martel: Can you tell me, do the agencies have that money now?

Mr Zegarac: The funding allocation—I know the letters have gone out for those portions and there's one further allocation that will come up shortly.

Ms Martel: I'm making a distinction again between letters and money.

Interjection.

Ms Martel: Yes, we have. I just want to know: Have they received the money or the letters? Which?

Mr Zegarac: Letters.

Ms Martel: When do you anticipate they will receive the money?

Mr Zegarac: Let me just check with Rob.

There's a sign-back requirement. We are getting the funding out as quickly as possible as those sign-backs come in. There's one further allocation that will come out as we look at dealing with some other community supports that need some further decisions from the government.

Ms Martel: I'm not sure I understand the matter of one further allocation. Can I break this down into two questions? You've said some have gone out. I don't know; there were a lot of agencies listed in the press release. Have the majority of the agencies received their money, and can you tell me what the issue is around one further allocation?

Hon Mr Smitherman: George can follow up. On the one further allocation is an element of a new program which we've been advancing through the policy process and which is coming shortly for announcement. It's a very targeted initiative that's developed in concert with some other government ministries. It's coming forward for announcement reasonably soon.

1350

Ms Martel: One other question, then: Is that part of the \$65 million, or will that be new money?

Hon Mr Smitherman: Yes.

Ms Martel: OK, thank you. My other question was the agencies that are receiving money. Have the majority received money?

Mr Zegarac: I'll introduce Robert Moore, who's our acting director for mental health. He can answer the details on the funding.

Mr Robert Moore: Some of the funding was used to stabilize programs. So in some cases, we had been managing some resources. We have secured the base for those resources and they'll continue on. There have been some programs where there's a base increase of 2%. There was a sign-back process. Again, strong accountability and somewhat new accountability measures were put into place for this money. So in some cases, on a region-by-region, program-by-program basis, some programs have received cash flow. The majority have not at this point.

Ms Martel: Actually, that was going to be my next question, what was the percentage increase in the base budget per agency. Was it a 2% increase across the base for everybody?

Mr Moore: Correct.

Ms Martel: Maybe you can't answer this, but what does that mean in terms of either the agencies' ability to retain staff, which might have been their first priority, or, secondly, the agencies' ability to hire new staff?

Mr Moore: Again, it's a case-by-case basis. It's hard to give you an overall, but it would support both of those, to some degree.

Ms Martel: But it would be hard for you to tell what the addition to base really did, either in terms of essentially just retaining the staff that were there or actually giving the agency the ability to hire new. You can't tell that yet.

Mr Moore: It would primarily be probably to stabilize the existing base, not just staff, but also other kinds of administrative overhead.

Ms Martel: Just flowing from that, with the stabilization of the existing staff, does that mean it probably won't have an impact on waiting lists this year because the money was just actually to hang on to the staff so they could continue to deal with the clients they already had?

Mr Zegarac: If I can just add—and Rob can join in—there's a base increase that's out to stabilize the mental health agencies. There's also enhanced funding, and that's the funding that we'll be providing. Further funding will be announced shortly, and that's to provide additional care. There are targets that have been identified for that care, and that's part of the sign-back provision. So there will be enhanced activity that's not just paying for what we get right now.

Ms Martel: OK, but the enhanced funding—is that going to be added to base, or is that for one-time-only special projects?

Mr Moore: That would be base resources as well, but it would be for new services, additional services.

Ms Martel: So will that take the base budget up past 2% for some agencies?

Mr Moore: In some cases, yes.

Ms Martel: But I'm assuming not every agency will get enhanced funding.

Mr Moore: No.

Ms Martel: Do you have a sense, among the agencies—a quarter? A third? A half?

Mr Moore: I have that information, but there are about 350 agencies. I would be guessing. I'd rather confirm the actual number, but it's a smaller percentage of organizations getting the additional new service dollars.

Ms Martel: And the new services will be where we will essentially see a change or an impact on a waiting list.

Mr Moore: Yes.

Ms Martel: That'd be correct? OK.

I just wanted to ask, in relation to community mental health services, the obvious link to addiction services: Their budgets were flatlined this year; is that correct?

Mr Moore: Correct.

Ms Martel: We have some serious situations at home, which I won't get into here. I'm sure that can be repeated across the province. I'm wondering, Minister, though, can you give us some indication of when you see the addiction side of the community-based services getting some addition to base budget?

Hon Mr Smitherman: I can't make next year's budget here, of course, but I think, in a question asked earlier today by my colleague from Markham, I acknowledged that this is one of those areas where we've still got some work to do. I think I've been pretty up front with the sector in saying that we recognize the stresses that they're under. I represent a downtown Toronto riding, so it's not lost on me that we've got to get some additional supports in there. I'd hope to be able to accomplish that in the next fiscal year. It's not a commitment that I'm in the position to make right now, but that would be my hope.

Ms Martel: Thank you very much. Can I move, then, to the tobacco strategy, which appears in our estimates on page 93? Under "Funding Increases," I note that there is implementation of the tobacco strategy—\$31 million. Can I ask how you see that \$31 million being allocated?

Hon Mr Smitherman: I'm going to get Dr Basrur to offer more detail. Usually, when I say that, I talk for four minutes and say most of the stuff, so I'll try to talk only for maybe 90 seconds and do that.

We think it's appropriate in developing a tobacco strategy that it be comprehensive. By that I mean that we have initiatives that are designed in a certain sense to stem the tide of those who might pick up a cigarette and become addicted to it and to assist those who have already fallen prey to that habit to quit. So there's a combination of matters associated with our comprehensive strategy. There's a significant marketing element related to it, as but one example. But I'll get Dr Basrur to walk you through in more detail exactly what's coming down the pipeline.

Dr Basrur: Without stealing the government's own thunder, let me say that the comprehensive tobacco strategy that the minister referred to was part of the platform commitments of the Liberals while they were in opposition and, as you are aware, included a number of elements, including but not limited to legislation that would make Ontario's public places and workplaces smoke-free. In addition, there was a commitment in that

platform to learning from the best practices and experiences in other jurisdictions, some of which are in the United States, some of which are contained in best practice guidelines from the Centers for Disease Control.

I would expect that living up to that commitment will enable a program to be brought forward that encompasses everything from clean indoor air and protection of workers and inhabitants of public places through to prevention, particularly focusing on children and youth at their most vulnerable ages to enable them to have the knowledge, skills and attitudes they need to resist peer and other media influences, as well as cessation to enable those who are already hooked to try to quit before it's too late.

Ms Martel: Dr Basrur, I'm very glad you mentioned the Liberal commitment because I was just going to head into that next. The concern I have, frankly, is that the commitment in terms of funding for year one for the tobacco strategy outlined in the election campaign last year was \$140 million. What I see in the estimates is \$31 million. So what I do see is a significant shortfall from the election commitment to what I gather the ministry is going to fund this year.

Let me just give you some of the details. The Liberal backgrounder said that there would be \$31 million a year spent on a youth mass media campaign. Secondly, there would be \$12.5 million a year spent on the legislation of 100% smoke-free workplaces. Granted, that legislation is not here, so let's just take out the \$12 million for this year, in all fairness. But the smoking cessation programs that included telephone-based programs, promotion and support of primary care cessation counselling, primary care cessation services, including counselling, smoking cessation medication subsidization—that total every year was a commitment of \$46.5 million and there was also a commitment to a one-time community transition fund of \$50 million. So the Liberal commitment in the election campaign was actually a total of \$140 million in the first year, dropping down to \$90 million in the second year; I gather that had to do with the one-time transition fund. So we're more than a little short in terms of the money at the same time that the money from the increase in tax revenue on cigarettes has actually increased quite dramatically. The projected new revenue in fiscal 2004-05 from the change in tax policy on cigarettes is \$90 million and the increased revenue in 2005-06 is \$110 million. I'm just wondering why there's such a significant shortfall in funding for this program this fiscal year when the commitment was so much greater.

Hon Mr Smitherman: I think what it reflects is the reality, which is that this fiscal year is ticking along and across the wide variety of priorities that we have this is one that from a timetabling standpoint is obviously not going to be in play till toward the latter part of fiscal 2004-05. So what you have here is a recognition of that reality, plus, to the point that you've made, which is that at least on the costing, as an example, associated with the legislative element therefor, that's not a required expenditure.

I do think that what you will see is that the government of Ontario has a substantial investment to make in a comprehensive strategy to address this number one preventable cause of death in Ontario. Particularly over the period of the length of our term, you will see a significant ramp-up that gives us the capacity to strengthen the fight. But the number for this year reflects the fact that from the get-go we recognize that with all of the other things we had to timetable, from a parliamentary calendar standpoint and also from an internal government process standpoint, this is an appropriate amount of money to get our campaign launched in 2004-05, with build-up in subsequent years.

1400

Ms Martel: I'll take your word for it. I didn't put out the costing platform, you folks did.

Is the community transition fund an allocation that's going to be made or not?

Hon Mr Smitherman: Although this is captured in a political characterization that you're using, this is a matter that is the responsibility and domain of the Minister of Agriculture and Food.

Ms Martel: I understand that it came under the tobacco strategy, though, in terms of your commitments.

Hon Mr Smitherman: It's not in our estimates that way, obviously.

Ms Martel: Can you confirm it's in his estimates?

Hon Mr Smitherman: I can confirm that I'm before you today with the estimates from the Ministry of Health. I think it's important that the Minister of Agriculture and Food is the lead on that element of the strategy.

Ms Martel: OK, let's take the community transition fund out of your estimates. We'll give you a break and take out the smoke-free workplaces, because we presume the legislation is not going to be in place to have an allocation this year from that fund.

In terms of the mass media campaign targeted at youth and the smoking cessation programs, can you give us a clearer idea of what the breakdown of the \$31 million will be between those two items?

Hon Mr Smitherman: I'm not in a position to do so, but I can confirm that the amount of money we have in our allocation is a sufficient and substantial amount of money and, particularly because of the fact that we're working now on a prorated portion of a fiscal year, it will be sufficient to launch those elements.

Ms Martel: Can you tell me in what fiscal year you anticipate being able to match the commitment that was made in the last election?

Hon Mr Smitherman: That will obviously be very evident as we print estimates for years on a going-forward basis.

Ms Martel: But you've received \$90 million in new revenue this year alone just from tobacco tax increases. Is there any thought among cabinet that this money should actually be targeted to help support the tobacco strategy so that you have guaranteed funding for that year after year?

Hon Mr Smitherman: I think there was a strong view in cabinet that that money should be spent in a variety of ways, including enhancing our capacity to treat people with cancer in Ontario.

Ms Martel: And it will go into general revenues?

Hon Mr Smitherman: Yes.

Ms Martel: Let me ask a question, then, about an announcement that was made on nurses, in particular graduate nurses, and a mentoring program, on June 3: a \$50-million allocation to keep new grads or to hire new grads in hospitals and to implement a mentoring strategy both in hospitals and, I believe, long-term-care facilities. Can you tell me, has this money been allocated to hospitals yet?

Hon Mr Smitherman: It has not.

Ms Martel: Do you have a sense of when it will be?

Hon Mr Smitherman: It will be a fall allocation.

Ms Martel: Can I ask what work is going on behind the scenes to the point where that money hasn't gone out yet?

Hon Mr Smitherman: Substantial policy work within the internal process piece, but also on the profiling of the program, being led by our chief nursing officer, Sue Matthews. We've been working to develop a program that has some complexity associated with it because there's concern from a union standpoint and the like.

This is a program that we think is essential because it addresses the gap right now whereby a lot of our new grads are coming out of school with an inadequacy of training—at least, this is the marketplace's read—given the acuity of patients they'll be dealing with. We're going to spend money to enhance the clinical practice models and give them some of the high-tech equipment that is necessary to enhance their skills. We want to be able to buy some time in Ontario's institutions—hospitals and long-term-care facilities—so that our new grads get some front-line experience.

What we're particularly keen to do is to take advantage of the institutional memory and passion of what are often referred to as senior nurses. We also want to buy some of the time of senior nurses so they can mentor the new grads, thereby making a significant contribution to the overall expertise of the nursing population in Ontario. That program rollout will occur this fall.

Ms Martel: So the policy work is almost done and you anticipate the money can go out this fall?

Hon Mr Smitherman: Yes.

Ms Martel: And is it to hospitals and long-term-care facilities?

Hon Mr Smitherman: Yes, both.

Ms Martel: Do you have an idea of what the breakdown will be between the two?

Hon Mr Smitherman: I do not.

Ms Martel: I forgot a question on community mental health. Sorry.

Hon Mr Smitherman: Do you want George or Robert Moore?

Ms Martel: Why don't I ask the question and you can tell.

The Chair: You have two minutes.

Ms Martel: In the announcement it said there would be an additional 78,000 patients who would be served at the end of the four-year rollout. I want to know how you arrived at that number and what is the base that we're working from.

Hon Mr Smitherman: I think Robert Moore—

Mr Moore: Essentially it's a formula based on existing service capacity and delivery. When you look at the different types of services we're funding, some of them have very set client-to-staff ratios; others are based on information we have from existing services of that type. That's projected based on the rollout of the different dollars that are there.

Ms Martel: What is the fiscal year? The fiscal year for supportive services was 2002-03. Is that the same for—

Mr Moore: Yes.

Ms Martel: So, essentially, applying a pot of money, multiplying it over that number of clients.

Mr Moore: It's a pot of money divided into the different service types that we're funding. Things like case management services, as well as crisis services, early intervention programs and community treatment all have established service ratios. So it's an estimate based on those numbers.

Ms Martel: The starting number for this year would just be the client number, the patient number?

Mr Moore: The additional number is based on the existing service numbers going up from there, so that's the total new number.

Ms Martel: That 78,000 is the new number. What's your starting number?

Mr Moore: I'd have to check that. I don't have that in my head.

Ms Martel: When you get a chance, if you could get that to me, that would be great.

Mr Moore: Sure.

The Chair: Mr McNeely, please.

Mr McNeely: Minister, as a business owner for 30 years, I closely monitored the costs of delivering engineering projects. Delivery of services on budget took up a great deal of my time, with fairly sophisticated project management information systems.

You have made accountability agreements central to controlling costs in health care delivery. These agreements will be signed with most health providers, I believe. Our government has moved ahead, and I'll read from the financial management policies here. "In December 2003, the government tabled an amendment to the Audit Act that would give the office of the Provincial Auditor wider powers, including conducting value-for-money audits of organizations that rely on provincial funding." I think it's going to be very important that 80% of government funding or something like that was not looked at by the Provincial Auditor beforehand.

As a city of Ottawa councillor for many years—I was just there for one term—there was always that wall that you couldn't go behind. I always wanted to know what the cost of delivery of a litre of water was, how that

compared with other cities in Ontario and Canada, what it cost per family for waste disposal, what it cost for a kilometre of road maintained. Those were the unit costs that we could never get the comparisons on. I think they're very critical to being able to evaluate a health provider: If it's 44 CCACs that you have in the province, how are they doing, one to the other?

Do you see tying in the accountability agreements with the auditor's work and providing those comparisons so that we can say pretty categorically, "This group is doing well; this group is not doing so well"? Then you can go in and help those that are not. So are value for money and best practices going to be a big part of the government's overall—

Hon Mr Smitherman: You used the words "tying in." To me, that would give rise to the idea of a formal linkage. My instinct is to say that one will inform the other, and it's based on a pretty simple point, which is that although we use the word "system," we have not heretofore created a system that has the capacity to take advantage of a learning over here and quickly spread it across the breadth of a system. This is what I call the medicare advantage, which I think we're missing out on.

One of the realities we face as we start to do that more detailed analysis of what's going on in a variety of institutions is that they're not all equal. One Ontario hospital does not, oftentimes, bear much of a resemblance to the other. I'll give you an example around how this affects a clinical outcome. You have a 100% variance in Ontario on length of stay after hip surgery, where some hospitals are having the patient after the surgery for twice as long as others. This is an example, in a certain sense, I suppose, of what all those reports have pointed to as an opportunity.

1410

The real place I believe we're going to make progress—you used the phrase "best practices," on disseminating those; I wish I could find a more human word than that—spreading those across the health care system—is local health integration networks. What they're going to do, in a certain sense, is get everybody on the same page, all the folks operating in one part of the province. The member for Durham used the word "region." The organizational principle that underpins these local health integration networks, LHINs as they've become known—people look for these to be really complex, but the real starting point is simple. We've got to get everybody singing from the same hymnbook, working from the same script. We don't have that now in Ontario. You don't have the same set of health care providers working together with the same set of patients in mind.

We're going to create a simple organizational principle that says if you're going to do a good job as a group of health care providers to work with one patient in mind so the patient isn't constantly feeling they're in the hurdles or the steeplechase, we have to at least get the health care providers in the same area working together with the same set of patients in mind. That's the real principle. I think that will mean we'll shrink the number

of points where all those folks come together and make it easier to spread information across the system. It is a substantial piece of the puzzle, being able to use the word "system" without that little asterisk going off in my head that I'm talking about all the time. So I think LHINs are actually going to be the best way to get best practices spread across the breadth of the health care system.

The work of the Provincial Auditor: It's so obvious on its face that this is long since required. To try to explain to the taxpayers that the province pays 80% of the bills at a hospital but that the Provincial Auditor is the person charged by the Ontario Legislature and given significant authority to go in on our account as taxpayers to ask the hard questions and to make reports which sometimes raise things some of us would rather not hear is an important principle. I'm very proud the government is going to expand the powers of the Provincial Auditor to do value-for-money audits in a broader array of what we often refer to as the broader public service. I think this is a reform that's long since overdue.

Mr McNeely: The second question relates to that, because it's equity in funding. The information that comes out in stories we hear in Ottawa in the press you read—the former minister from Nepean-Carleton brings it up—is that we're underfunded at hospital levels in Ottawa. Whether that's true or not is difficult to say. The comparison in our local press says 85% of the provincial average is the funding. You've told me in the past this is not that easy to say.

The legacy of the previous government is that our waiting times are much longer. We had one MRI per 100,000 people in Ottawa, whereas in Toronto you had 2.2. So it was less than 50% service with MRIs. There were people paying \$750 and going across the river to Gatineau or to the States and getting the MRI done, or waiting the seven or eight months, which is probably double the provincial average. So it appears that there is underfunding.

What can be done from the ministry's position that will put the facts on the ground so this argument is not there two or three years from now? It will be important to have those facts. It would be very good to get that information out so we would see that Ottawa is being treated fairly or we are not.

Hon Mr Smitherman: I think the first point I would make is that you use MRIs as an example, and, from my point at least, they're a good one. Of the nine new MRIs we've put in motion in the province, announced in Ottawa two weeks ago, Ottawa and the residents of Ottawa are the beneficiaries of two of them. I think that's a good demonstration that says when you have good quality information that shows you where the inadequacies are the greatest, where the services are the least available, if you're allocating precious resources, you should allocate your resources with good knowledge like that. We've done that in this case. That's why Ottawa and the people there are the beneficiaries of two MRIs.

I think the point about geographic inequity is a slightly harder one. I want to make two points. The first is that

one must be very careful. I'm a downtown Toronto guy and I have a lot of hospitals in my riding. I have Sick Kids Hospital and I have Toronto General, and I want to focus on the Toronto General site of the University Health Network. I want to focus on those because I think they're important in the answer. Sick Kids Hospital is in Toronto and has a lot of services there, but Sick Kids Hospital is an asset of the Ontario health care system and it's an asset that's available, not unlike CHEO in the Ottawa area, that serves a much broader population base than just where it happens to be situated. Just the straight-up analysis of the numbers doesn't take that into consideration. It doesn't take into consideration that because Toronto General is a place where we do more transplants than anywhere else in Ontario, people from all over the province are coming in, in this case again to my riding, to receive services there. So one needs to be a little bit careful, because some of our hospitals, especially among the academic teaching hospitals, have a very focused role, which often means they are the centre where people are coming from all over the province of Ontario. That's the first one.

The second point is that local health integration networks are going to give us—because we're going to create consistent boundaries, if you will—a leap forward in terms of the quality of the data we collect so that there will actually be more appropriate opportunities for comparative data to be used.

Let me make the point a bit more clearly. My mother lives in Collingwood. I was taking a look at the community of Meaford, which is quite close to where she lives, and I was trying to decide in my head whether the people in Meaford—I was going to look at some data to see where they get their hospital care. Before I looked at the data, I thought, hmm, I wonder if they're going to Owen Sound, where there's a really good quality, significant service community hospital, or to Barrie, where there's also a fairly significant hospital. Evidenced by postal-code-analyzed data, the number one place where the people of Meaford are getting hospital care in the province of Ontario is Toronto.

Local health integration networks are going to create the appropriate parameters for good quality data collection that's going to give us the chance to analyze it and, as we analyze it, to—I'm not sure if this is the best word—repatriate health care services where it's appropriate. You're obviously going to concentrate transplants in a very small number of places because it's such a specialized service that technology and the human resources experience dictate that that's sensible. But in other places, the collection of information that local health integration networks are going to set up is going to give us the chance to make sure that services that can be provided locally are.

That's the thing that guides us. We believe that the best health care is the health care that's found as close to home as possible. That's why I think LHINs are going to give us the chance to answer that geographic or regional debate; I don't know about once and for all, because I suppose it will in a certain sense always rage on, but

we're going to be able to have a more informed debate around it.

Mr McNeely: The third is maybe more of a statement than anything. It's the mental health money that is spent in the Ottawa area. I think over 10 years it moved from institutional at 70% and community at 30% to the reverse. In Ontario as a whole, I understand from the people who deliver the service in our area that you're up to 66% of mental health dollars delivered in the community now. In Ottawa, that's not the case; it's about half of that. I'm just wondering, why is there a difference in certain areas in the delivery of dollars? Just a fast reaction from myself is that it's tied to the hospitals being so tight for the dollars that they're not giving it out to the community. Will that be resolved through the LHINs as well, looking at the provincial situation and trying to make Ottawa similar?

Hon Mr Smitherman: I think it's more likely to be resolved from the mindset of the government, which is determined to see services that are appropriately delivered at the community level delivered there. I think there's a lot of good, informed work that people have been involved in, those mental health task force reports which the previous government commissioned but didn't seem willing to release. We released them. One of the strong messages that's there, of course, is to put mental health resources in the hands of communities. Even if the resource is an acute care bed in an institutional facility, there are many people who believe that more of the decision-making around the appropriate allocation of those beds should be pushed down to the community level.

I find favour with the argument that community-based care, as relates to mental health, is where it's at, that that's where we should be continuing to put emphasis as a government, that investing those resources at the community level is typically going to mean they are more accessible to people at the time that they need them. If we make mental health supports available when they're needed, instead of available only at the point where the person has an acute incident and ends up in a hospital emergency room—I think many of us have probably had the opportunity to be in emergency rooms where they're trying to provide appropriate care to people who are suffering from mental health challenges—we can do a lot of good by getting these resources out to the community and upstream. This is the general approach that we're inclined toward as a government, and it's very consistent with the work of those mental health task force reports. It's one of the best pieces of community engagement that I've seen. So many people were powerfully invested in that. We've made sure, on any investment we've had the opportunity to make with respect to mental health, that we follow the guidance of those reports, because they're the voice of people.

1420

Mr McNeely: Thus the increase of 15.7%, \$62 million this year, in community mental health. Thank you very much.

The Chair: You have a couple of minutes left.

Ms Caroline Di Cocco (Sarnia-Lambton): I wondered, Minister, if you might provide to me an explanation. It has to do with the internationally trained doctors. There's an issue that seems surprising to me, and that is, sometimes they require two years of Canadian experience once they've been approved, gone through some hoops etc. They require a two-year window, if you want to call it, of Canadian experience. Some of them are suggesting that they have to get it out of the province of Ontario. I haven't been able to get a view of that. Do you have any answer or comment to that?

Hon Mr Smitherman: I'd want to look into the specific cases. When I was in your community, I did have the chance to meet perhaps one of the doctors you're speaking about. I would just repeat a bit my message from earlier, that we've really worked to enhance the number of residency spots. That's a necessary piece that people must secure before they can get a licence to go and practise. Why people are being forced to seek that opportunity offshore—or, I should say, outside of Ontario—may have more to do with our residency capacity. As I mentioned earlier, as a government we've moved to increase that.

I think it's a fair point to say that even though we have made progress on this, from 90 to 200 in the span of about a year, there are still many foreign-trained doctors in the province who are clamouring, obviously, for those 200 spots. If we had more resources to be able to do enhanced residency, this would be beneficial. As I mentioned earlier, I believe this may be an area where there will be some additional federal support. But on the specific question that you raise, I'd want to get a bit more information.

Ms Di Cocco: OK. Thank you.

The Chair: That would complete this cycle. We have about 46 minutes left. I'm in the committee's hands, but may I recommend that the remaining time be allocated 15 minutes to each caucus, and perhaps the Liberals might leave a few moments for the minister for his final statement.

Mr Baird: I like 20-20 an item.

The Chair: Somehow I knew he'd be helpful.

Seeing no objection, and in the interest of making sure we get through the estimates today, I would like to proceed. I have an indication that Mr O'Toole has a short question.

Hon Mr Smitherman: Could I, Mr Chair, be indulged for my afternoon march down the hall, and also inform you that my closing statement will consist of really just a few seconds of thank you. To the extent that that alters your plan, I'm not intending to put anyone through any more of my words.

The Chair: I'd hate Hansard to have to record what your closing comments are. But, please, you're excused.

Hon Mr Smitherman: Thanks a lot.

The committee paused briefly.

The Chair: The Chair would like to recognize Mr O'Toole for his 15 minutes.

Mr O'Toole: Thank you, Chair. I may split my time with you, because I really have a couple of observations to make and then there will be some very short questions after that.

I appreciate your comments on mental health reform. I think that's absolutely critical. We did hear a fair amount about it in the roll-up to the election from the various community groups and I would have to say I'm supportive of that. Also, you made some reference to the mental health task force that was commissioned under our government, and one of my questions is around that.

The central east group was headed by Jean Achmatowicz-MacLeod, an extremely capable and compassionate leader. They sent the task force in. I met with the board; the board actually resigned because there seemed to be no rollout of the community mental health component of it. I looked at it and found out that most of the money—the issues were the successor and transition issues. They were going to separate everybody under the old Ministry of Health kind of employer to the new board, I guess, which was going to be umbrellaed under Lakeridge. There was a huge amount of severance money for people who would be doing identically the same job the next day; they had a different badge on their uniform. The successor rights were problematic—I just could not believe it—and there were a couple of others that were delayed. That was where the money was going, Minister.

I'd like you to comment on that, if you've gone over that, because almost all the transitional monies that had been more or less allocated in the budget process were—you couldn't get there from here. Now, I'm not quite finished. If that is a fact, I need you to confirm it and what your action plan is, because the next phase of moving it into the community is not going to happen until that really happens. We have a wonderful facility in Whitby; they have a forensic unit and all the rest of it, and it's extremely important.

The other part is more or less—

Hon Mr Smitherman: I can answer this in about 30 seconds if that's helpful.

Mr O'Toole: OK, sure.

Hon Mr Smitherman: Our plans still include progress on the divestiture of North Bay and Whitby, and the challenge you've highlighted is exactly the right one: that legislation in our province on successor rights does add significant cost to the process of divestiture down to community-based boards. I think earlier I had the opportunity to reference costs associated with 2,100 employees who had previously made that shift within the ministry. But this is a cost that we still expect to bear. I just want to say that we remain very committed to moving forward those processes.

1430

Mr O'Toole: That's reassuring except for the public, in looking after the public interest. If people were actually losing their jobs, that would be different.

We made that mistake in a number of instances when we were the government. I should stop thinking about that. Ms Rappolt, whom I believe was in the Ministry of

Labour at one time, would know that—when we did the hydro restructuring issue. It's the same deal. We just spent a ton of money. The people woke up the next day and went to the same desk and got a frigging lump sum payout. The people of Ontario are paying for that, and it's unacceptable.

Mr Baird: Like Elinor Caplan.

Mr O'Toole: Exactly. She's back again. It's sort of like regurgitation.

You understand that the Health Services Restructuring Commission basically was started under Frances Lankin. It looked at the 230 hospitals and looked at restructuring. Gee, they came up with a number of \$1.4 billion or \$1.7 billion to do this restructuring of all the hospitals. I saw numbers that were \$7 billion. The capital costs were about \$7 billion.

Locally I saw that just the one site, Oshawa and Lakeridge, went from a project which was something under \$200 million to over \$400 million. There was a nice coffee shop at the opening. It was a nice rotunda kind of thing.

The point I'm trying to make here is, you have that very serious capital challenge, and not just in Durham. They have submitted restructuring plans at the Whitby site, the Bowmanville site and the Port Perry site. They transitioned the Unxbridge site into the other network.

Is there a capital freeze? Because this is eminently a huge issue, not just for the cancer centre that's to be built in Oshawa to serve 500,000-plus people but also for the energy plant which is part of their business plan. Is there a capital freeze?

That's kind of tied to the divestiture of the infrastructure under Whitby Mental Health Centre and Central East as well. That's part of the issue.

Hon Mr Smitherman: Whitby doesn't get caught up in capital because it's one of the newest hospitals in the province. But it's certainly a challenge with respect to North Bay.

Here's what I can say about capital. I had a chance a week ago last night to speak to the board chairs and CEOs from the academic teaching hospitals. I said that there are a couple of pretty challenging things—I was going to say "perverse things"—going on related to capital in the province.

The first is that these folks who did the Health Services Restructuring Commission estimating were lowball artists. We continue to struggle. A lot of hospital projects in the province of Ontario under all parties over time have tended really to not hit their marks, so bringing a new era with greater discipline around that is something we're in the midst of doing.

Is there a freeze? I'd say there's a delay. It's a delay that gives us the opportunity to consider more appropriately what we can afford to build.

Here's the second perverse circumstance we encounter: Most people looking to make an investment in new infrastructure are in part measure looking for the cost that can save them in terms of operating. They say, "Well, I have to get rid of that old building and build a

new building,” sometimes for \$200 million or \$300 million.

In the time that has gone by since, we've been operating with less beds, typically, in hospitals. We've found a way to provide more care in other settings and at home and the like, yet we still seem to have capital, on the one hand, moving forward in a fashion which bears no relation to the pressure that it's about to put on operating.

I'll say this to you: We're going to build a lot more hospitals in the province of Ontario. We're going to move forward with a bunch of capital projects because there's a big infrastructure there and pieces of it need to be replaced, but some of the behaviours need to change, and some of the things that we've been doing, typically, make no sense.

I'll give you just one little example that will relate to the work you did around Smart Systems for Health. You know that Smart Systems for Health has built a big server with enough capacity for every hospital in the province of Ontario, yet we're still approving capital projects with server rooms in them. Not any more.

The point here is, the same thing—I mentioned labs earlier, and someone wanted to turn it into privatization. It's not the point at all. But it is a consolidation opportunity where hospitals can share services and gain efficiencies. We need to take more advantage of that. Our capital needs to reflect those decisions. The decisions we make will reflect the reality, which is that once these darned things are built, we have to pay for what's operating within them. So, if operating costs are going to go up \$20 million, \$30 million, \$35 million or \$40 million sometimes, on a one-hospital basis, then I think we really have to question whether that's sustainable in the context of our health care system.

The Vice-Chair: Mr Jackson, you have the floor.

Mr Jackson: It's customary at this point in estimates to put on the record a series of additional questions, and so if I might, Minister, I'd like to put a few of those on.

I wrote a letter to you back on January 22 regarding funding for hospices, and I was fortunate enough, through your staff, to gain a meeting with Mary Kardos Burton and Vida Vaitonis—a very productive meeting. We have a tremendous hospice in our community. I have had many conversations with Donna Cansfield, who co-equally shares a passion for this area of health delivery. I was hoping, Minister, that you might respond to my January 22 letter at some point for the Carpenter Hospice, if we could include that request on your list of follow-up items.

I would ask that the individual on your staff responsible for supervising the activities of Ms Caplan in her review make sure that those terms of reference can look at that central issue of hospices. Our government—and I facilitated this, in fact—had to work out an agreement within the agreement of the managed-care model in order to flow funds for the home care component of the palliative treatment in those sites, but it's a terrible mix for staffing. It's lumpy; it's disjointed. I presented a model to your staff last January that could resolve some

of those issues. I'd like to have the ministry's assurances that Ms Caplan might consider those items as well.

As it relates to the Ontario drug benefit plan, I had some questions with respect to this. There has been a lot of rhetoric associated with what came out in the paper, and I'm going to try to specifically reiterate the concerns I have. I've studied this matter and I have concerns about the difference between the subtlety in the letter of understanding dated September 22 between yourself and Dr Rapin that talks about prescribing practice versus prescribing guidelines. I would like some response in writing, if I could, to the distinction between those issues around why we would just follow loose guidelines as a means of achieving better health outcomes when many jurisdictions have moved to prescribing guidelines which specifically target health outcomes and monitor in a confidential way the prescribing habits of a physician.

The second question I have is around the issue which my colleague Ms Martel raised. My view of this, putting on my hat as Comsoc critic, would be that we might share your concern that a pregnant woman on welfare should have her drug regimen monitored in order that she receive better health outcomes, but I think in this province all women who are pregnant should receive co-equal treatment by their physicians—

Hon Mr Smitherman: And nutritional supplements.

Mr Jackson: And nutritional supplements; the point being that good health policy would apply to all citizens regardless of their income. I think that's the point that Ms Martel was raising yesterday and one that bears some further explanation—not at this moment, but I use that as an example because I think it demonstrates, first of all, areas of concern that should be addressed. For me personally, I believe that prescribing guidelines, as they have in at least two provinces now in this country, are the appropriate way to go. It causes a higher degree of discipline among physicians, in terms of their training and their practice, to ensure that.

Third, Minister, I would like you to speak to or check out a small, little-known program called seniors' safe medication use, which I developed several years ago. I know you have benefited from it as an MPP and passed it on. My understanding is that the minister has not indicated whether or not he will continue the support for that program, and I think, based on the comments you made over the course of the two days, it's very clear that for \$75,000, with \$25,000 coming from the private sector to help promote this, the Ontario Pharmacists' Association can get on with that good work, and if you would speak to the minister involved, that would be deeply appreciated.

1440

I guess I could raise the same on behalf of the Ontario Residential Care Association, which has its complaints line. I know that you have demonstrated throughout your political career, both at city hall and here, a concern that there is some sort of complaints advice and support line for persons wanting assistance when they're dealing with the unregulated residential care sector, and you might

again speak to the minister, as this is a healthy program for our province.

Finally, Minister, in the preceding estimates back in June for the Ministry of Finance, the minister confirmed that there was a potential of \$660 million worth of savings that will accrue to the government of Ontario by delaying capital and by delaying program transfers. Again, my colleague Ms Martel has raised some specific questions about the difference between a letter and the funding flowing. Minister Sorbara was very forthcoming that these program and capital delays were across all ministries but that he did not have the details and that we were to ask for those of individual ministers. So my final request is if you could furnish us with the list of those capital projects and those programs that will be delayed and whatever cabinet document sets out your ministry's contribution to Minister Sorbara's objective of a \$660-million saving. If you could provide those details to this committee, that would be extremely helpful.

Finally, I just want to—

The Vice-Chair: We're over time, but just quickly.

Mr Jackson: I wanted to thank staff for being so forthcoming and for participating, but I can do that when I'm Chair.

The Vice-Chair: I'll take that time, then.

Ms Martel: I have some questions about the commitment for new services, so I'd like to get some indication of the money and how the figure was arrived at. For example, the government's commitment is to increase cardiac procedures by more than 36,000 by 2007-08. I'd like to just confirm the funding allocation attached to that commitment and how the 36,000 was arrived at.

Hon Mr Smitherman: Peter Finkle—I don't know his title. I know it starts with A for acting, but the rest of it is lost on me. This is Peter Finkle.

The Chair: Welcome, Peter. What's your title? We have your name.

Mr Peter Finkle: I'm the acting director of hospitals branch and I'm executive lead for multi-year funding and accountability agreements.

The Chair: Thank you. Welcome

Mr Finkle: The 36,000 is a figure that stretches over four years, so it's really a continuation of work that we have been doing with all of the hospitals that deliver priority programs in the cardiac services area and it's an amalgam of the planning estimates that we do with the hospitals—we don't do these on our own—broken down between angioplasty, PCI—percutaneous cardiac services—and cardiac surgery, the coronary artery bypass surgeries. The majority of these services are on the angioplasty side, not on the surgery. Every month through the cardiac network we post the amount of surgery that is done and the wait list management services. Generally speaking, in Ontario, we've met those targets.

Ms Martel: The Cardiac Care Network?

Mr Finkle: Yes.

Ms Martel: Can you give me the funding allocation over that period of time, either annually or cumulatively?

What is the funding required to produce those additional procedures?

Mr Finkle: I don't have those off the top of my head, in terms of the amount of funding.

Ms Martel: I'm going to want the same, then, for the other commitments that were made, the 9,000 additional cataract surgeries, the funding.

Mr Finkle: Absolutely.

Ms Martel: And the same with the hip and knee replacements.

So you're saying, for example, with the cardiac surgery, that would be posted on the Cardiac Care Network, the additional ones that are done every month.

Mr Finkle: The additional surgeries that are done.

Ms Martel: OK. Is there a specific number you use as a base to start your work from to reach the 36,000?

Mr Finkle: It changes. We do get advice from the Cardiac Care Network, and the base has been changing for all of those services. We actually see, overall, a shrinkage in surgery and an increase in PCI, the percutaneous cardiac services—those are all the angioplasties. The interventional angioplasty services, the cardiac services are growing faster than the surgery, which we would expect as the change in technology occurs.

Ms Martel: The registry that will be in place by the fall of 2006 will be looking at all of those areas?

Hon Mr Smitherman: It will start by taking advantage of those registries which have already been developed, like CCO and CCN. We'll put up what we have and it will evolve over time in everyone's sight. But we'll start with those assets that are already developed.

Ms Martel: OK. Thank you.

Let me ask about the immunization program. You did confirm, Minister, that a significant portion of this money was the money that was announced federally. I thought the program was about \$156 million. Is it \$150 million, \$156 million?

Hon Mr Smitherman: Over the three-year rollout of the program is the exact allocation we had from the federal government. I think it was \$156 million over three years, but I'm going by memory.

Ms Martel: Is that what it is? So the first year it would be \$50 million, then \$50 million, and then the balance of \$56 million in the third year, essentially?

Hon Mr Smitherman: Dr Basrur can give you more detail.

Dr Basrur: It's apportioned in roughly equal amounts over the three years, with an additional amount in the first year to provide for billings through OHIP for vaccinations.

Ms Martel: The concern I've had with this is, frankly, I have looked at the schedule and have seen there are children who are left out through the process. My concern was captured much better by a physician who wrote to the minister on August 30. I won't use his name, because I don't have that permission, but I'll essentially use the key point. He wrote to the minister to express his concerns about children being left out in the current schedule and said:

"Enclosed is a copy of a ministry bulletin from July 13, 2004, outlining the reasons for the introduction of your health care premium. In this, you indicated that monies collected would be used for expanding primary care, revitalizing public health and enhancing preventive health measures. As well, it is my understanding that the provinces were to receive funding for immunization from the federal government in their last budget. With these resources,"—he's meaning both the health care premium and the federal money—"I do not understand why you have decided to exclude this cohort of children. The loss of even one of the children in these two groups due to a preventable illness, when you are funding immunization in all other children as of January 2005, is reprehensible."

My concern is, it was stated very clearly that money from the health premium would be going to the immunization program. What is clear, I think, is it's essentially being funded with federal money, which is fine, but I would really encourage you, Minister, to have a second look at this, because there are children who are not covered—

Hon Mr Smitherman: There are—I'm sorry.

Ms Martel: —and won't be. So go ahead.

Hon Mr Smitherman: I read the letter, and I think—Dr Basrur can answer to this as well, but I've made my judgment on it. The judgment I've taken is that of course we have to design programs within the realm of what's available, and that's what has been done in this instance.

There is a panel, and Dr Basrur can tell us exactly what they're called, who have helped to profile and tell us the best way to develop a program. To suggest that there are cohorts left behind and the like I think misses the point, which is that at an appropriate opportunity, all of those children will gain benefit of those vaccinations. The program has been profiled in a way to provide the benefit of vaccination at a period when science best demonstrates that children be given that opportunity. I think we have constructed a program which absolutely makes sense. I offer no defence to the idea that, like many other areas of health care, were there a broader array of sums available, it would be one of those areas, of course, where perhaps it's practical to go further and further and further. In this instance, I think what we've designed is a program that really works for kids. I think Dr Basrur could give you more of the scientific basis for the decision points that were taken.

Ms Martel: Before she gets there, let me just say this: They weren't my ads, they were the government's ads that said very clearly that money from the health care premium would go to pay for the vaccination program. In truth, all of the money for this program is being paid by federal money.

Hon Mr Smitherman: No, not a truth.

1450

Ms Martel: Over the next three years, it certainly is. You just confirmed that for us.

Hon Mr Smitherman: Not at all, because I wasn't seeking to get into all the detail that acknowledges that there are costs borne, as an example, on the doctors' line

of our government's budget and the like. There are certainly costs borne by those things that are supported by the health premium—way more important in terms of who provides the vaccination and what fees might be derived from that.

I think the point that's the essential one here is that the federal government did provide a limited amount of money in a limited amount of time for a vaccination program. The government of Ontario has made a commitment to maintain that program on an ongoing basis. That means, yes, of course, that's only made possible with the provision by Ontarians of the resources of the health premium. It's the kind of thing—

Ms Martel: But three years from now, Minister.

Hon Mr Smitherman: Immediately as it relates to some costs, but in terms of the ongoing sustainability of the program, it wouldn't be possible to contemplate without the additional resources that the health premium raises.

Ms Martel: Let me ask this question, then. You have said doctors' fees, their billings to OHIP for them to do the injection—"provide the shot" is what I'm guessing you're referring to: Can I have a breakdown between what that cost is and what the federal money is paying for? I'm assuming the federal money is paying for all of the vaccines. What other costs, then, Dr Basrur, please?

Dr Basrur: The federal money is paying for the vaccines and for administrative costs for both immunizations delivered by physicians, a small proportion, as well as any funds that are required by public health units to administer these vaccines.

May I just comment on the letter you mentioned previously?

Ms Martel: Just before you get there, can I ask, what is the balance that the province of Ontario would be paying? After the federal money pays for the vaccines and the administrative costs by physicians and public health units, what is the balance that the province would actually be paying for this program?

Dr Basrur: Well, in principle, the program rollout, the design, the communications plan etc would be covered by our public health division budget. So there would be a provincial component to that over and above the actual cost of the purchase of the vaccine products.

Ms Martel: Can I ask what it is? What is that share?

Dr Basrur: I could provide that detail to you. I don't have that figure off the top of my head.

Ms Martel: That would be great.

Hon Mr Smitherman: I make no argument that it starts small, but the sustainability of the program in the longer term depends upon the taxpayers of Ontario, the collection point of Finance Ontario. This is a program that will run forever; the federal funding runs out after three years. We've made a commitment that this will be added to the basic vaccination services of the government of Ontario, and it's clear that that's not possible without a health premium.

Ms Martel: I understand that. The point I'm making is that in trying to sell the health care premium to Ontar-

ians, the government ran a series of ads and those ads clearly said that the vaccine program was going to be paid through the premium. I think most people out there thought that meant right now.

Hon Mr Smitherman: On a point of order, Mr Chair: The member has just said that the government paid for ads, and that—

Interjection.

Ms Martel: The party? Pardon me. I apologize.

Hon Mr Smitherman: Those ads were paid for by our party.

Ms Martel: I apologize, Mr Chair.

The Chair: Don't confuse me with the Speaker and expect a ruling. Ms Martel, you have four more minutes left.

Ms Martel: The Liberal Party paid for ads to try and convince people that the premium was going to go to pay for new health care services. I think in fairness—right?—the ads certainly didn't say, "By the way, your portion of this for the vaccination program will start three years from now." The ads were put out in a way to make people think that right now, here and now, as they get their premium dollars taken off their cheques starting July 1, that's somehow going to pay for the vaccination program, and that's not really the case.

Anyway, if you could respond with respect to the letter, that would be great.

Dr Basrur: We based the original program design on the recommendations of the National Advisory Committee on Immunization to reflect the epidemiology of these diseases in the childhood population. We have recognized, through our consultation with medical officers of health and community physicians, that there has been a concern expressed about the original eligibility criteria, such that children who were one year of age would get the shot but if they were a day past their first year, they would be ineligible. We are reviewing that restriction so that we don't have kids who are, on a technicality, made ineligible for a vaccine from which they could benefit.

Ms Martel: Can I ask, then: Does that mean that there will be a change in the eligibility criteria that will cover more of the children? When would I expect that to go into effect?

Dr Basrur: That is currently under an active review within the ministry. We're in discussion, as I mentioned, with local medical officers of health and with others within the decision-making process. I hope that it will be communicated as quickly as possible to lay to rest any concerns on the part of parents or doctors that kids aren't going to get this benefit.

Ms Martel: OK. I appreciate that very much.

Can I ask one question with respect to primary care reform? I'm just curious: Where do CHCs fit into this?

Hon Mr Smitherman: Community health centres fit into this in two or three ways. First, I always say that family health teams find their ideological roots in the interdisciplinary model of practising community health centres. I signed letters yesterday. I know that those

letters will land and no one will pay any attention until they only open the cheques.

Ms Martel: Depending on what community you're talking about, that may be the case.

Hon Mr Smitherman: Community health centres are about to receive a letter with a very significant, substantial increase in their base operating.

Ms Martel: Is that to all?

Hon Mr Smitherman: Yes. I'm going by memory here, but I think that's 7%. It's in the 6% to 7% range. In addition to that, we will shortly—and I mean, within a matter of weeks—be in a position to announce an expansion of satellites from existing community health centres to service additional communities in Ontario.

Ms Martel: This is the 10 that you referred to in your speech yesterday?

Hon Mr Smitherman: Yes, that's right.

I would just say this to the member—and I'm well practised on this because there's a lot of supporters of CHCs around, and I'm one of them; I have the benefit of three of them in my riding—it's a model that was designed to be particularly applied in communities that had really serious underlying population health challenges. We think that with the family health teams moving forward, CHCs will be able to revert to that role. We'll be able to consider them as a deployment opportunity in those particular instances.

As you well know, over the past number of years, while there has been this ongoing and worsening problem of access to family physicians, communities all over Ontario have reached out to community health centres as the thing they try to grasp in getting care for their communities.

I just want to make this point: All of those communities which have applied for community health centres are going to be in the first crop of communities given an opportunity to apply for the first tranche of family health teams. We're going to make sure that the data that they've used already in preparing for their CHC applications is also data that can be utilized in the family health teams application process. So what we're trying to do is give those communities which have already invested a lot of their heart and soul in the development of those plans an opportunity to compete for the first tranche of family health teams.

Ms Martel: But in the first 45 that will be announced, there will be CHCs that have been on a list, either to expand or to create new ones?

Hon Mr Smitherman: No, well, they won't be CHCs. What I mean to say is that these will be family health teams, but of all those communities—I think it's between 80 and 100 that have applied for CHCs—we're going to give them the first shot at family health teams, because family health teams will address many of the problems that have motivated them to seek community health centres.

Interjection.

Hon Mr Smitherman: Yes. They are, by their nature, less comprehensive than a community health centre.

The Chair: Ms Di Cocco, are there any members of the government—

Ms Di Cocco: No. We'll waive our time.

The Chair: All right. Then, Minister—

Hon Mr Smitherman: Can I take their time?

The Chair: Well, when did you need another break?

Hon Mr Smitherman: Right after my scrum.

The Chair: Do you know, actually, I should make up eight minutes, but I can't figure out how to put that on Hansard, so I won't. So please, Minister, sum up.

Hon Mr Smitherman: I just want to say thank you. Yesterday, I began this process—in the first few paragraphs of my remarks I used the word “trepidation.” It's proven that that was an appropriate sense to have. I've enjoyed this immensely. I appreciate the level of detail and awareness that people have about what is a very substantial piece of government program, one that I'm very honoured to have the opportunity to deliver.

I think that we've had the chance over the last seven and a half hours to make a very strong case about our government's plan for the future of health care in this province. It's a plan that has a measurable destination point. It will be measured by more access to family physicians in local communities, more progress, and addressing the challenges of wait times. It will be measured by the underlying population health of our citizens and it will be measured on our capacity to deliver health care in this province in a fashion which is sustainable for future generations.

We're doing that through a coordinated, comprehensive strategy to drive care down to the community level, to make it available more upstream, because we believe that the best health care is the health care that you find as close to home as possible.

We will make progress on all of these files because the health care system in Ontario is driven by something like a couple of hundred thousand people who are very dedicated every single day to providing care to people needing it in all communities across the province.

We'll build on the strength of our health human resources. We're going to rally the troops to create an actual health care system, and in so doing, I think we're going to demonstrate to ourselves that, even though we're doing a great job already and a lot of extraordinary care is provided every day, and a lot of miracles too, we

can do better in this province than we have so far at integrating the services so that the patients receive services in a fashion which is better coordinated.

I want to say what I said right from the top, which is thank you, Mr Chair, to you for your role here, to all members of the committee, and especially to the Premier who gives me the opportunity and honour every day to fulfill this very exciting portfolio.

The Chair: Thank you very much, Minister. On behalf of the committee, I'd like to thank all of your hard-working staff, who have been here with us for two days to respond to questions and to do so in such a professional manner. We appreciate that.

Hon Mr Smitherman: We're grateful.

The Chair: Given that at this point it is deemed that we have reached the allocated time in which to handle the estimates of the Ministry of Health and Long-Term Care, I am now called to take the stacked votes in order.

Shall vote 1401 carry? All those in favour? All those opposed? It's carried.

Shall vote 1402 carry? All those in favour? Opposed, if any? It's carried.

Shall vote 1403 carry? All those in favour? Those opposed, if any? Carried.

Shall vote 1405 carry? All those in favour? Opposed, if any? It is deemed carried.

Shall vote 1406 carry? All those in favour? Any opposed? It's declared carried.

Shall vote 1407 carry? All those in favour? Opposed, if any? That is carried.

Shall vote 1408 carry? All those in favour? Opposed, if any? That's carried.

Shall vote 1409 carry? All those in favour? Opposed, if any? It is carried.

Shall the estimates of the Ministry of Health and Long-Term Care carry? All those in favour? Any opposed? That is carried.

Shall I report the estimates of the Ministry of Health and Long-Term Care to the House? All those in favour? Opposed, if any? That is carried.

The standing committee on estimates stands adjourned until 9 o'clock tomorrow morning, at which time we will welcome the Minister of Energy to begin those estimates, for seven and a half hours.

The committee adjourned at 1504.

CONTENTS

Tuesday 5 October 2004

| | |
|--|-------------|
| Ministry of Health and Long-Term Care | E-97 |
| Hon George Smitherman, Minister of Health and Long-Term Care | |
| Mr George Zegarac, assistant deputy minister, community health division | |
| Ms Vida Vaitonis, director, community care access centres branch, community health division | |
| Ms Mary Kardos Burton, assistant deputy minister, acute services division | |
| Mr Tim Burns, director, long-term-care facilities branch, community health division | |
| Dr Sheela Basrur, chief medical officer of health and assistant deputy minister, public health division | |
| Mr John McKinley, acting executive director, business services, acute services and community health divisions | |
| Mr Robert Moore, acting director, mental health and addictions branch, community health division | |
| Mr Peter Finkle, acting director, hospitals branch, acute services division | |

STANDING COMMITTEE ON ESTIMATES

Chair / Président

Mr Cameron Jackson (Burlington PC)

Vice-Chair / Vice-Président

Mr John O'Toole (Durham PC)

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge L)

Ms Caroline Di Cocco (Sarnia-Lambton L)

Ms Andrea Horwath (Hamilton East / Hamilton-Est ND)

Mr Cameron Jackson (Burlington PC)

Mr Kuldip Kular (Bramalea-Gore-Malton-Springdale L)

Mr Phil McNeely (Ottawa-Orléans L)

Mr John Milloy (Kitchener Centre / Kitchener-Centre L)

Mr John O'Toole (Durham PC)

Mr Jim Wilson (Simcoe-Grey PC)

Substitutions / Membres remplaçants

Ms Shelley Martel (Nickel Belt ND)

Mr Tony C. Wong (Markham L)

Also taking part / Autres participants et participantes

Mr John R. Baird (Nepean-Carleton PC)

Clerk / Greffier

Mr Trevor Day

Staff / Personnel

Mr David McIver, research officer,
Research and Information Services



E-7

E-7

ISSN 1181-6465

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Wednesday 6 October 2004

Journal des débats (Hansard)

Mercredi 6 octobre 2004

Standing committee on estimates

Ministry of Energy

Comité permanent des budgets des dépenses

Ministère de l'Énergie

Chair: Cameron Jackson
Clerk: Trevor Day

Président : Cameron Jackson
Greffier : Trevor Day

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 6 October 2004

Mercredi 6 octobre 2004

The committee met at 0908 in room 151.

MINISTRY OF ENERGY

The Chair (Mr Cameron Jackson): Good morning. I'd like to call to order the standing committee on estimates. This morning, in accordance with the direction from the House, we are to sit seven and a half hours to review the estimates of the Ministry of Energy. We're delighted to welcome the minister, the Honourable Dwight Duncan. Committee members will know that we will begin with up to half an hour for opening statements by the minister. The official opposition and third party will each have 30 minutes for statements, following which the minister and those responsible for presenting the estimates will have up to half an hour for a reply.

Welcome, Minister. Would you please introduce your team, and then we're in your hands.

Hon Dwight Duncan (Minister of Energy, Government House Leader): Thank you, Mr Chair. On my far left is Deputy Minister James Gillis; on my immediate left is the assistant deputy minister, Jeanette Dias D'Souza; on my immediate right is director Rick Jennings; and in the first row over my shoulder and behind me, director Rosalyn Lawrence.

Good morning, Mr Chair and members of the committee. I am pleased to have the opportunity to present the Ministry of Energy estimates and to share with you some significant results that the ministry has achieved over the past 12 months, as well as its key initiatives going forward.

The Ministry of Energy knows and understands the fiscal, economic and social challenges that the government faces. We too face our own unique challenges in the energy sector. The sector employs 75,000 individuals. It represents 3.1% of Ontario's GDP. The potential economic impact of insufficient power is significant, as we all saw during the August 2003 blackout.

With 123 full-time-equivalent staff and a budget that represents 0.03% of total government operating spending, the Ministry of Energy is one of the smallest ministries in the government. At the same time, our mandate is also one of the Premier's top priorities.

I introduced the members of my team a moment ago. I would also like to acknowledge that my parliamentary assistant, Mrs Donna Cansfield, the member for Etobicoke Centre, is not here today. I did want to take this

opportunity to acknowledge and thank her publicly for the tremendous leadership, hard work and dedication she has shown to our government's energy conservation initiatives.

It is just about a year since I became Minister of Energy. When the Premier asked me to take on the portfolio, I found a sector that was in crisis. We faced four significant problems:

(1) Consumers and businesses told us they lacked confidence in our power supply.

(2) The price Ontarians were paying for electricity did not reflect the true cost of electricity. As well as adding to the already huge deficit that taxpayers were funding, that artificially low rate encouraged energy consumption, not energy conservation.

(3) There were predictions of a looming gap between electricity supply and demand.

(4) There had been little investment in conservation, new energy generation or transmission in the past 10 years.

In response to these concerns, our government took immediate and aggressive action to ensure that Ontario is a place where conserving energy is second nature and where individuals and businesses can rely on an energy supply that is reliable, affordable, safe, secure and sustainable.

At the ministry we are focused on achieving results in five key areas. These are:

First, we are committed to creating a strong conservation culture among Ontario consumers, a culture in which Ontarians learn to use energy more wisely.

Second, we are committed to closing the gap between supply and demand.

Third, we are committed to increased consumer and investor confidence.

Fourth, we are committed to aggressive development of renewable energy.

Fifth, we are fully committed to cleaning up our air by replacing coal-fired generation.

Our ministry is working hard to bring real, positive change to Ontario's energy sector. To do that, we are aggressively pursuing several major initiatives, and I'd like to highlight some of them for you now.

When I became minister, I had three priorities: supply, supply, and supply. Ontario cannot use power that it does not have.

I also knew, early on, that it was a top priority for us to attract and keep investment here and to ensure that Ontario has a reliable, affordable, safe, secure and sustainable energy supply. This is the foundation for a strong economy and a healthier, cleaner environment in Ontario.

To lay the groundwork, the Ministry of Energy is putting in place an energy policy framework that is designed to ensure we have the power we need over the long term. We must be confident that the lights will stay on, no matter how hot or cold it gets.

We have begun the process to rebuild, over the next 20 years, virtually our entire installed capacity to power Ontario's homes, schools, hospitals, businesses and infrastructure. This rebuilding will deliver on our government's commitment to replace coal-fired generation, encourage cleaner alternative sources, and make Ontario a clear leader in the development of alternative power and greener sources of energy.

The McGuinty government is charting new ground in the history of Ontario's electricity sector. A total reorganization of the sector was long overdue. If it had been left on the course set by the previous government, our electricity system would have ceased to serve us. It would have stalled our economy and it would have threatened our continued prosperity.

Now, after more than a decade of mismanagement, we are moving forward in a responsible way that protects the best interests of Ontario's citizens.

The legislative foundation for this restructuring and rebuilding process is Bill 100, the Electricity Restructuring Act, 2004, which I introduced in June of this year. Ontario needs to refurbish, rebuild or conserve 25,000 megawatts of generating capacity by the year 2020 to meet growing demand. Bill 100 creates a framework for helping us keep the lights on now and far into the future.

Our approach is based on a strong public leadership role, clear accountabilities and a coordinated planning approach. The proposed legislation includes the creation of a new Ontario Power Authority. The Ontario Power Authority would ensure an adequate, long-term supply of electricity for the province. Currently, no existing institution in the electricity sector has this mandate.

Under the proposed legislation, the Ontario Power Authority would establish Ontario's first Conservation Bureau, headed by a chief energy conservation officer. The Conservation Bureau would lead the promotion of a province-wide conservation culture in Ontario. Its mandate would include, for example, developing province-wide conservation programs that offer attractive incentives and tools to enable Ontario's homes and businesses to conserve energy and save money. It would also monitor the province's progress in achieving specific goals and benchmarks which the Ministry of Energy would be required to set, including targets for conservation, renewable energy and the overall supply mix for the province.

This is a challenging time for Ontario, and we need private ingenuity to support the construction of the

thousands of megawatts of electricity we will need over the next 15 years. To spark that kind of ingenuity, we need to send a clear and unambiguous message that Ontario's electricity sector is a great place to invest. The proposed legislation will create a positive environment for the private sector to invest more in new electricity generation.

The proposed legislation would also give the Independent Electricity Market Operator a new role and a new name, the Independent Electricity System Operator, and give the Ontario Energy Board the authority to regulate, adjust and approve prices in some parts of the electricity sector, offering consumers energy price stability.

Following first reading of Bill 100, the Ministry of Energy immediately launched an extensive public consultation on the proposed legislation and proposed a number of technical regulations that are not in the bill. We want to ensure that we get it right and that the changes the bill makes are in the best interests of the people of Ontario.

Many consumers, businesses and investors presented at the committee hearings that took place over the summer, and I want you to know that we heard them. Some of them raised concerns about how the system will operate, how the Ontario Power Authority, the Independent Electricity System Operator and the Ontario Energy Board will fit together, so we've introduced amendments to the bill. While each body will consult stakeholders independently, we've tabled an amendment to create a special advisory committee to the minister to advise on how the system is working together, so that we can make the necessary adjustments as we move forward. I want to thank everyone who filed submissions or presented before the committee for helping us make positive changes to this very complex bill.

Bill 100 is currently before the Legislature. I hope all members will give speedy passage to the legislation so that we can proceed with the necessary restructuring of Ontario's electricity sector.

We've taken a number of other measures to boost Ontario's electricity supply. For example, last month the ministry began discussions with Bruce Power to restart the remaining two units at the Kincardine nuclear facility. The potential restart of units 1 and 2 would result in an additional 1,540 megawatts of electricity-generating capacity, enough to power over one million Ontario homes. This would potentially replace more than 20% of Ontario's current coal capacity and related harmful emissions, meaning cleaner air and a better quality of life for everyone. In addition, we've endorsed OPG's decision to refurbish Pickering A, unit 1, which will give Ontario another 515 megawatts of electricity-generating capacity by late 2005.

The McGuinty government is committed to developing renewable energy sources. High on our list is expanding capacity in the Niagara region through the Niagara Tunnel project. This project will increase the amount of water flowing to the existing turbines at the

Sir Adam Beck generating station, generating an additional 1.6 terawatt hours of clean, renewable electricity per year—enough power to meet the annual needs of 160,000 homes, or a city twice the size of Niagara Falls. The Niagara Tunnel project is scheduled for completion by 2009. Clearly, the entire province is going to benefit from this project.

This project also offers significant benefits for the Niagara region. It will be the single biggest construction project for the region since the building of the Beck 2 generating station 50 years ago. We estimate it will create 6,000 person-years of employment, including direct construction jobs and indirect supplier and service jobs, plus jobs created as a result of increased spending in the local and regional economy. In comparison, the recently completed Niagara Fallsview Casino resort generated approximately 5,000 person-years of employment.

A sustainable, diverse electricity sector is key to building a strong and prosperous Ontario economy and ensuring that we have a quality of life that is second to none. Our government's renewable energy generation targets are 5%, or 1,350 megawatts, by 2007, and 10%, or 2,700 megawatts, by 2010. Earlier this year, the ministry took two significant and historic first steps toward achieving these targets with the issuing of RFPs for new supply and/or demand-side management initiatives and renewable electricity capacity.

In April, we issued the first RFP to supply Ontario with an additional 300 megawatts of new renewable electricity capacity. The results from this RFP have been impressive. Approximately 40 proponents submitted bids for roughly 1,100 megawatts, almost four times the capacity we were looking for. Evaluation of the proposals is currently taking place. I expect to announce the successful proponents by year-end.

In June, we initiated a second RFP to supply Ontario with up to 2,500 megawatts of new electricity generation capacity and/or conservation measures, to be in place as early as 2006. This represents one third of our government's commitment to replace polluting coal-fired generation through cleaner sources of energy and conservation. We are seeking, and will treat equally, new generation capacity projects and projects that conserve electricity. The McGuinty government is the first government in Ontario's history to put conservation and new generation on an equal footing. I announced on September 30 that we received overwhelming interest from more than 150 companies as a result of this process. The initial expressions of interest totalled over 60,000 megawatts of new electricity capacity or comparable conservation measures.

0920

In seeking partners to work with us, I would like to stress the fact that we are looking for innovative, creative approaches that will deliver the best outcome for Ontario's electricity consumers. The dedicated Web site that we created especially for this RFP process reflects the open, transparent tendering process we are using to find

suppliers who will put the interests of Ontario taxpayers and ratepayers first. These two RFPs have sent a clear signal that Ontario wants suppliers at the table who are interested in investing in clean, renewable energy sources for our citizens.

However, we also realize the potential that energy efficiency and demand response have in Ontario. Hence, we have a clear, well-delineated plan to make conservation a cornerstone of Ontario's energy future. We want to find ways to encourage all consumers to use electricity more responsibly. As I indicated, under Bill 100, Ontario's new Conservation Bureau would develop province-wide programs to provide conservation incentives for electricity consumers.

We want to explore creative options that would allow consumers to get the maximum benefit from shifting demand. How do we propose to make that happen? Most electricity consumers have old-fashioned meters that only record how much energy they use. They currently have no way to get a break on their bill if they use electricity at off-peak hours. We are going to change that by implementing a smart meter installation program and more flexible pricing. Smart meters make it possible for individual consumers to benefit from shifting their demand for electricity to off-peak hours. This shift would lower costs and keep prices down for everyone. We plan to install smart meters in 800,000 homes by 2007. By 2010, all Ontario homes and businesses will have smart meters. We have also directed the Ontario Energy Board to develop a new pricing structure to be in place no later than May 1, 2005. The new structure will reward consumers who shift their usage to off-peak times, like evenings and weekends. The combination of smart meters and more flexibility in pricing will give consumers the ability to take advantage of time-based rates that are lower during off-peak times.

Another important initiative is net metering. We are developing regulations to provide province-wide access to net metering. This would make it possible for homeowners and businesses that generate renewable electricity to get credit for the excess energy they produce.

Here's what else we're going to do to help Ontarians conserve energy:

We have asked local distribution companies to deliver targeted energy conservation programs in their communities. For instance, Hydro One has launched a residential load control project. Under the pilot program, Hydro One is compensating participating residents in Kingston, Newmarket, Simcoe and Brampton for allowing the utility to automatically shut off their large electricity-consuming equipment for periods of time when the system is operating at peak demand. This means that on a hot summer day, Hydro One can lighten some of the load from the system by turning off electric water heaters, central air conditioners and pool pumps in an effort to prevent a power outage or brownout. Hydro One has also launched a real-time monitoring project. The installation of a special monitor gives participating customers in Peterborough, Timmins, Lincoln, Barrie and

Brampton the ability to track how much electricity they are using and know what it's costing them. This helps consumers to identify their excessive consumption periods and see which appliances are high energy users, and it will provide customers with information to make adjustments to their usage, allowing them to see the immediate results of their energy-saving actions.

These and other local programs are becoming a reality because our government is making it possible for local distribution companies to invest as much as \$225 million in conservation and energy efficiency initiatives. The funding comes from a rate increase that the Ontario Energy Board previously approved. It was never implemented because the previous government imposed a price freeze in 2002. Utilities can implement the increase only if they invest one year's worth of its value in conservation and energy efficiency activities.

We have also launched an awareness campaign across the Ontario public service to let our 62,000 public servants know what they can do to help conserve energy in the workplace. The McGuinty government has set targets to reduce our electricity consumption—that is, the province's—by 10% by 2007, which represents a reduction of 62 million kilowatt hours a year.

We've set up a conservation action team chaired by my parliamentary assistant, Donna Cansfield. The conservation action team is made up of parliamentary assistants from 10 Ontario government ministries with a broad range of policy and program areas. Under Ms Cansfield's leadership, the team is looking at options for conservation and demand-side management.

The team will be developing an action plan to help us meet our conservation target of 5% by 2007. That's equal to conserving the power that all the households in a city the size of Toronto use for an entire year. The team is also working to identify and remove barriers to conservation found in existing government policies and programs, and is exploring ways to incorporate conservation principles into new government policies and programs.

Our conservation strategy includes a major public education and outreach campaign. The McGuinty government is committed to giving Ontario consumers useful information about how to use less energy and to use it more wisely. For example, educational institutions will play a defining role in forming and implementing the conservation and energy renewal strategy. The Ministries of Energy and Education are currently working together to develop new curriculum tools that emphasize conservation and renewable energy.

We are also engaging community organizations, non-governmental organizations and public interest groups. I've had the opportunity to meet personally with municipal and business leaders throughout Ontario to discuss new approaches to conservation, energy generation and transmission. Many municipalities and business leaders have expressed their strong interest in working with the ministry on conservation initiatives.

As I have already mentioned, my parliamentary assistant, Donna Cansfield, has given tremendous leadership to our conservation initiatives. She has travelled tirelessly throughout the province, spreading the message of conservation. She has spoken with hundreds of organizations and groups, sharing ideas on how we can save money, save energy and protect the environment, and is actively seeking their ideas and input.

The Ontario Ministry of Energy Web site is also a great resource on energy conservation for consumers. Our Web site, www.energy.gov.on.ca, has had over 1.5 million visitors since January of this year. This huge response to the ministry's outreach and education initiatives reflects how much consumers want to be part of the solution when it comes to conserving energy in Ontario.

Creating a culture of conservation takes more than making wise decisions about how we use the electricity we have. It also includes paying the true cost. Protecting consumers from the true cost of electricity by way of an artificially low electricity rate cap encourages consumption, not conservation. Previous governments decided to maintain a freeze on electricity prices at unrealistic 1993 levels. This did not reflect the true cost of electricity. Furthermore, the previous government's price cap actually cost Ontarians close to \$1 billion. The 4.3-cent price freeze simply wasn't responsible or sustainable.

Our new block pricing structure that went into effect on April 1, 2004, gives residential, low-volume and other designated consumers in condominiums, apartments, co-ops and other multi-unit premises a real incentive to reduce electricity use and lower electricity costs. This pricing structure will be in place until the Ontario Energy Board implements a new structure. That will be no later than May 1, 2005. I have asked the board to come up with a formula for an annual rate plan that is stable and reflects the true cost of electricity. If the revenue from the interim pricing plan exceeds the true cost of the plan, all eligible consumers will get a credit for the difference after the OEB implements its pricing mechanism.

I want to emphasize that even after removing the price cap, electricity prices in Ontario are competitive with most of our neighbouring jurisdictions and they are in fact lower than prices in New York, Illinois, Massachusetts and Michigan.

The McGuinty government is committed to improving the value that the people of Ontario get for the dollars they invest in public services. As outlined in the speech from the throne, our government believes that transparency and accountability are the best safeguards of public service.

For nearly a decade, all Ontario government ministries, crown agencies and corporations, and publicly funded organizations such as hospitals, municipalities, school boards, universities and colleges, have been subject to the Public Sector Salary Disclosure Act and the Freedom of Information and Protection of Privacy Act. Until 1999, the Public Sector Salary Disclosure Act applied to the former Ontario Hydro. But in 1999, the

previous government decided it would keep the public in the dark about Hydro One and OPG's operations. Our predecessors denied the people of Ontario the right to access information about these two companies.

0930

Ontario Power Generation and Hydro One are publicly owned companies. They belong to the people of Ontario. They play critical roles in all our lives, and the people of Ontario pay these companies' bills. They must operate and be seen as operating with transparency and accountability to the taxpayers. To make sure this happens, over the past year the McGuinty government introduced sunshine legislative changes so that Ontarians would have access to information about Hydro One's and OPG's activities.

Effective April 15, 2004, the Public Sector Salary Disclosure Act applies to Hydro One and OPG employees. Along with other publicly funded organizations, OPG and Hydro One are now required annually to disclose the salaries and benefits that they paid to their employees who earned \$100,000 or more in the previous year. Hydro One and OPG were also required to provide this information retroactively for employees working for either organization from 1999 through 2003 inclusively. Hydro One and OPG made their first salary disclosure reports this year, providing the people of Ontario with the opportunity to see this information.

Going forward over the long term, it is our government's expectation that the Hydro One and OPG boards will ensure that salaries at these two companies are comparable to those at other provincially owned electricity operations.

A new regulation under the Freedom of Information and Protection of Privacy Act added all the records of Hydro One and OPG and their respective subsidiaries to the provisions of the act. Now the same rules apply to OPG and Hydro One as to other crown agencies, corporations and other publicly funded organizations that the act covers. Hydro One, OPG and their subsidiaries are also covered by the Audit Statute Law Amendment Act, 2003, that our government put in place. This act expands public sector accountability and the role of the Provincial Auditor to conduct value-for-money audits of institutions in the broader sector, including all crown-controlled corporations like OPG and Hydro One, school boards, universities colleges and hospitals.

I should also note that if Bill 100 passes, the Ontario Power Authority would be subject to FOI and salary disclosure.

Our government is confident that we are on the right path in how we are dealing with Ontario's energy challenges. As my Ministry of Energy staff, my parliamentary assistant and I have travelled around the province, we have felt very heartened by the comments we are getting from individual consumers, consumer groups, business and energy sector leaders. A great many individuals and organizations want to work with us and be part of the solution to securing Ontario's energy supply.

So what do the citizens of Ontario think so far? Here is a brief sampling of comments:

"My thanks and support for your strong leadership with regards to energy and the environment particularly concerning your decisions to increase output at Sir (Adam) Beck plant in Niagara Falls and initiating an RFP for 300 megawatts of renewable energy. I am confident you will have many proposals at your desk shortly."

"Thank you for your strong leadership and commitment to clean air in Ontario."

"It is heartening to ... know that your government is moving Ontario towards a greener, safer and more reliable electricity supply future for our children."

"I ... commend you on your suggestion of making a coast-to-coast electricity alternative. It is about time that we Canadians start thinking of what is best for our country. We have the resources and the knowledge to implement this viable option to ensure that we are protected from problems such as" the "blackout. I strongly support your efforts and hope it will lead to this 'made in Canada' solution."

Comments like these confirm that the McGuinty government's energy renewal strategy is sound.

Before we get into the detailed discussion of the Ministry of Energy's estimates, I would like to draw the members' attention to some changes in the 2004-05 estimates, compared to 2003-04.

The ministry's estimates for 2004-05 is \$26 million—a reduction of almost \$9 million, or over 25%, from the previous year. This reduction reflects the net balance of new initiatives funding and program wind-down. These include:

- \$10 million in new funding for the ministry's conservation strategy initiative. This public education and outreach program will help us achieve our goal of reducing Ontario's electricity consumption by 5% by 2007. Our conservation strategy asks individuals, businesses and other economic sectors to make good decisions about how they use energy. We are committed to giving them information and tools to do this. We will be reaching out to consumers in a variety of ways, including the Internet, print and broadcast media;

- A one-time \$1.55-million allocation to support the request-for-proposal process for new energy supplies. This allocation is for costs related to legal, financial and other expert advice;

- \$900,000 for electricity sector reform. This allocation ensures that we have appropriate oversight, coordination and due diligence during the reform and restructuring of Ontario's electricity sector;

- \$765,000 in salary and wage adjustments related to collective bargaining agreements;

- A \$1.5-million internal reallocation to the energy sector transformation vote, representing program administration costs—accommodation, information technology and communications;

- A reduction of \$670,000 due to the wind-down of the alternative energy office. Functions of this office were absorbed by the policy and programs unit;

—A reduction of \$20.5 million as a result of the change in the Ontario Energy Board's governance structure that came into effect on August 1, 2004. The OEB is no longer funded from the consolidated revenue fund.

I would, of course, be pleased to answer the members' questions about any specific areas of the ministry's estimates.

A year ago, our sector was on shaky ground. It lacked a sound organizational structure and had no clear vision for its future. Today, Ontario has a positive strategy and a clear action plan. It's a strategy and an action plan that will put Ontario's energy sector back on a solid footing by taking a balanced approach, one that addresses the critical need for new supply, an equally important need to focus on conservation, consumers' desire for price stability, the importance of public leadership, and the need for private investment.

By ensuring a reliable, sustainable supply of power at stable, competitive prices and by creating a conservation culture, we are delivering and will continue to deliver the real, positive change that will keep Ontario prosperous and healthy.

Mr Chairman and members of the committee, our focus shouldn't be on what went wrong in the past. Our focus should be on doing what is right, now and in the future. The McGuinty government is charting a new ground in Ontario's electricity sector. We are committed to ensuring Ontario's continued prosperity and to ensuring a quality of life that is second to none.

Thank you very much, and I look forward to our dialogue and discussion on my ministry's estimates.

The Chair: Thank you very much, Minister. I'd like to recognize, in rotation, Mr O'Toole.

Mr John O'Toole (Durham): Thank you very much, Minister, for your speech this morning. I have watched this file, as you know, pretty closely.

I'm very privileged to have with me the former Minister of Energy, Jim Wilson, and I know John Baird is watching this on closed-circuit TV. He wants to be in a position to follow up on any details or technical references that might be helpful to clarify for the people of Ontario where you're going, because it really isn't quite as clear as you may have suggested.

I'd just like to take our time and use our half-hour to give you kind of a perspective of where this started—mainly to put this stuff on the record, Minister. Hopefully, you know most of it already. I think it's always important to look at the history as you look ahead to make changes and make sure you learn from history, or you're doomed to repeat similar circumstances. I will mention your policy flip-flop or change in position that's been sort of your hallmark really, technically, prior to the election, during the election and, I might say, since the election.

There are really five areas that I will, at the end of my period of time, leave some questions on; five areas I'm quite interested in. There's the whole governance model, the OPA, its role, and the conservation authority under

that; the energy board and its independence or lack of it during the RFP process, and the new IMO systems operator, as well as the role of the LDCs, whom I've met with just recently. The price, at the end of the day, is really the issue here, and power at cost—I recall Adam Beck's premise there. You said recently in a press release that you can't protect consumers. That's important, I guess, if you're moving to a purely market model. There's conservation, smart meters, or not-so-smart meters, and the broader discussion around demand-side management. Then there are the real stories; item number 5 here would be the real stories. I think of my brother-in-law, who runs a delicatessen, and how much demand response he has within his scope in his small business. Then I think of the large consumers who actually appeared before the Bill 100 hearings, and—

Cellphone ringing.

Mr O'Toole: Is this causing a problem? I might need it; I have a lot of information. But I'll keep it off there.

I guess the other thing is that I think of real people, like my mother-in-law, who is on a fixed income. She has no discretionary margins to run around with. She's probably using around 600 kilowatt hours a month now. She'll be at the lower fee as we know it at the moment, but the idea of prices is certainly an issue.

Even this morning I was reading, as we all do, the very important clippings here, and I did happen, on my ride in on the GO train, to read two of the major papers specific to this issue. I've said from the beginning, in fact, when you announced the coal thing, that it was very laudable. In fact, it was part of our platform. Where we disagreed was on the dates. The coal discussion is a broad discussion which you and most of the experts know is not achievable, like most of your promises during the election. It's simply not achievable in the short term.

0940

But I do want to compliment you, Minister, because on the special committee that was set up by the former minister, John Baird, the electricity conservation supply task force—I had the privilege up until the election time of sitting on that task force with the industry stakeholders and experts. I can tell you that I learned more from that exercise than perhaps was necessary to know. I'm pleased to say that it's helpful. But I'm also saying that when I look at Bill 100, I think you've adopted a fair amount of what they've said in here. That's showing some respect for the work done by Courtney Pratt and the other stakeholders—Gunars, as well. I know that when the election was called, I was removed. I think Donna Cansfield sat on that for a while. So that report is worthwhile. It should be the primer for everyone who is interested in the topic. I really do think that it's extremely well done and balanced. It's fairly policy-based, as opposed to politically based. So that's sort of the story.

I may be sounding a bit rambling here, but if I start at the beginning, in a broad sense—this is primarily for the record, not for you—Adam Beck's premise in Ontario was power at cost. As such, it was an economic policy

area, and it has been and was probably right up until we got derailed on some of the nuclear expansion program in the 1970s, I guess.

When Donald Macdonald did his report and looked at the way the governance model worked and at the unsupported debt—what was in the rate then was called the debt retirement charge; it was called SDR, strategic debt retirement—and who played around with that, including probably Howard Hampton and his government, when they were unable to meet those debt obligations, I think Donald Macdonald gave us a very good footprint. Some would argue about the public versus private argument. That's more about where the money comes from. But when we opened the market, there couldn't have been a worse—the market design people must have set us up like a golf ball on a tee, because we had low supply and high demand and the worst possible weather conditions, unlike this summer, where you've had lousy weather and low demand for air conditioning and other consumption.

You were part of the opposition at the time, Minister. You know that you forced us—in many respects, you and Howard Hampton led the charge to freeze prices, much like the dilemma that Howard Hampton, when they were government, got into in the mid-1990s. They actually froze the rate. You would understand that. They froze the rate, and they froze it because there had been about a 9% or 12% increase in price. So you know how quickly and politically this thing gets charged. It seems to be, kind of in a contradiction of what you're saying to the media and the public, that you don't care about the consumer. Residential, small business, retired, large business—it doesn't—

Interjection.

Mr O'Toole: Well, I think you're in for a rude awakening. I really, really do. I don't know what the answer is, because when you look at the conservation policy, you're suggesting that there is enough elasticity in response that they can just shut off the ovens and the heating and the cooling; they can just shut things down. I think that is a laudable objective, and we may get there in time, but you voted for the 4.3 cents. In fact, we responded to the people and to the opposition at that time and sort of blinked, if you will—a good media line. You're just going full bore. You're going to hammer the customers, and we haven't seen the end of it yet.

I think we have to learn from history. Some of the things you're doing are laudable. The Beck project is something we were working on, as you know. I'm glad to see that project is going ahead. Some of the renewable is absolutely imperative. All experts say it. It's a mixed supply basket, and we completely agree with that. The thrust of your Bill 100 allows in regulation for that to happen.

I really do come down to the issue here of price, not just the broken promises and the promises that were made that can't be kept—the higher prices, the dilemma you are in on the coal issue. The governance issue is going to be the first one that leaps out of the breadbasket

and, as I see it, is going to be problematic for a number of reasons. One of them is—when I read the registry on regulations, I looked at regulation 275/04 where you're actually going to be bundling all of these charges—how are you going to pay for the OPA? You say the energy board and the OPA are all self-financing. How are you actually going to pay for it? These are new charges. I would like to have a detailed response to this very specific question, not at this time but probably in writing, for all members, because I'm sure the members of the government sitting on this committee haven't got a clue what the price is going to be on this.

What is the freight, or the weight, on the bill going to be for all of these bundled charges under 275/04? We went through many iterations of trying to get transparency in the electricity bill at the consumer's household. We also dealt with the stranded debt issue, the debt retirement charge, the 0.07 cents. At that time we knew that the 0.07 cents, as a fraction of the cost of electrons, was probably about a 20% increase in price. We knew that. We were trying to deal with saying, "OK, how much of this debt can we maintain and keep accumulating?" And we had a six-year plan—not a two-year plan—to deal with the market conditions of increasing supply over time and therefore lowering price and working on conservation, which is the demand side of it all. You interrupted that plan and you're going to use numbers in your response to say that we grew the debt, and I'm saying to you that that was looking at the debt then. I'm not saying that a plan can be looked at halfway through the game; you don't know who's going to win the game. So I think you artificially truncated that plan.

The coal issue: I want to cite an article in this morning's paper. It's what I've suspected all along. It's the obvious—I just call it obfuscation; I can't use any other word. You knew all along that you couldn't close the coal plants. In fact, the Electricity Conservation and Supply Task Force said the same thing. Our plan was 2015, but you've said this morning—this is by Alan Findlay; this is the *Toronto Sun*: "Under what conditions would Ontario need to relent to continue with coal-fired power production and for how long?" And it's on a program out there called the "supply mix" issue.

I really feel deceived. In fact, the people of Ontario should hold you to it, because if you do shut them down—I think of Nanticoke. There could be new technologies brought into play there called clean coal. There is a whole bunch of different things around that clean coal technology. I think of Thunder Bay and Atikokan, the other two of the five coal plants that are up there. They aren't even in our airshed, and most scientific reports indicate that they aren't constituting an immediate and imminent threat, and yet what are those local economies going to do if you have to import power from some other source? It'll probably be from Ohio or someplace in the United States and it'll probably be dirtier coal, the smog that we get from them, and the environmental impacts. I think it's short-sighted to look at it.

We, as government, Minister Baird and Premier Eves at the time, had committed to the Lakeview shutdown next year. Don't attempt to take any credit for that. I now even read that there are some problems there, that you might end up reactivating that plant as a natural gas issue. If you think the short-term solution is natural gas, the current 500-megawatt type of facility, well, look at the future price of natural gas or all petrol-based fuels. Good luck. If you're going to say it's power at cost, and it really is going to be cost plus all these other charges you're adding, who's going to pay for the smart meters? Who's going to pay for the governance model, the OPA and the energy board and the rest of it?

0950

I think you have a file here that's way beyond you. I have no problem with broadening your mandate, Minister, in terms of giving you more time. If I see a response where you're looking for more time, we'll probably be supportive of that. We recognized it. You cannot bring on new generation to meet your commitment of 2007. It's that simple.

If you do act short-sightedly and bring on two or three new gas-fired plants, who knows what the price is? You know that the supply of natural gas is argued by all the experts. They're going to have to go to liquefied natural gas. I see there was a contract signed yesterday with some European company to build the first station in New Brunswick or Nova Scotia—I forget just where; but down east. A huge issue in the States. Domestic reserves are hard to get to and very expensive; a lot of environmental issues to get it from the Mackenzie Valley area.

If you go for the nuclear option—which appears to be what your friends in the nuclear industry have said—you're still probably a decade away from getting them from concept to implementation. We see the nuclear option as an important part of the baseload.

I'm going to move to the fourth item here, which is the smart meter issue. I have a lot of questions about what is really required. If you want a meter that says you're using on-peak or off-peak load, that's a different type of meter. The smart meter has to be interactive so that it can respond to price. Nothing I've seen that you've talked about is going to be a smart meter; it's just going to be a mechanical mechanism of recording the time when the consumption occurred at the consumer level. Who's going to pay for that metering? What is the role of the LDCs, the local distribution companies? They're the interface with the consumer. The LDCs are anxious. I know you gave them \$225 million in terms of some kind of conservation initiatives, but I'm not sure that \$225 million is going to allow them to even upgrade their software to deal with the responsive billing software they're going to need to make sure the consumer is aware of when they consume the electrons. How are you going to resolve disputes when they say "yes" and you say "no" and there has been a power interruption, so they have no choice but to do things during the wrong peak, off or on peak? You haven't even come close on that file on the smart meters. I think it's smart metering by a bunch of

dummies. That's a term that George Smitherman used some years ago in smart growth planning. I thought it was a good line then, and hopefully it's a good one now.

The real stories I wanted to talk about are the delicatessen, the small farmer, the small business person. I have the CFIB's response, a letter to you, pleading with you to have some respect for prices and the threshold of prices while moving toward a market condition. They need more time, Minister, on that file.

On the MUSH sector, the municipalities, schools and hospitals: I have in my riding Lakeridge Health, who said they're going to have a \$400,000 increase. This is a hospital with a \$400,000 increase. That means fewer nurses, fewer doctors. Your Ministry of Health did not respond to that question yesterday at all in the estimates review for the Ministry of Health. How about the universities? How about the schools? They all want to be air-conditioned now, so that's even more. They're not looking at conservation. Is your capital funding for schools and municipal and public sector buildings going to be energy-efficient?

We asked during the Bill 100 hearings for two simple changes: price transparency—that is, more openness—and hearings—a commitment from you before prices would increase that there would be consultations. If you read Bill 100, you will be setting the price; you will be sticking this bundled rate under regulation 275 on top of the electron cost.

If you want to respond in the couple of minutes left, I want to know what your best guess at the price is a year from now. Just from looking at it, we're looking in the four- to six-cent range right now. That's not with the new charges. I'm putting to you that it's six to eight cents—

Interjection.

Mr O'Toole: You said, "We're going to pay the true cost." If you knew we're going to pay the true cost, what is it? If you don't know what it is, don't say it.

Adam Beck was never power at cost; you know that. The first project was three years late and three times over budget. Your projects today, even the RFPs you've got here—I don't know you're incenting these renewable projects.

Minister, you spoke with some degree of confidence, and I have less, not more, confidence that you're managing this file while at the same time respecting consumers. Large businesses drive the economy. You know the auto industry, the petrochemical industry, the chemical industry, pulp and paper, all of the heavy industry in Ontario, has very high consumer demands. They said it to you then, and if you don't get into demand management programs with them or allow them to cogenerate more freely, they're going to be stuck. If their energy costs are too high, a lot of manufacturing—steel etc—is going to be in serious trouble.

It has been a scattered approach here because this is the opening comment from the opposition. If I had more time, I'd be giving it to Jim Wilson because he has been down this road and back. John Baird, as I said, is watching on television.

What's the price? You're going to pay the real cost of power. You must know what it's going to be. Rick, you're an expert. I've heard you many times, and respect the work. Government and politics have screwed up energy for the last 40 years because it's public policy. It's an economic policy. You want to incent certain sectors like the ethanol commitment. To create ethanol is going to take huge amounts of energy. You can look at the efficiency in the environment, but what energy source are you using to create the ethanol? It's a full-cost recovery issue. This is a huge issue.

I want to leave the impression that I'm prepared to work with you and Donna Cansfield. I do respect the hard work, I do respect the challenge, but be honest with the people of Ontario. At least tell them the price—at least that. I know there is going to be a lot of governance and a lot of regulation, a lot of dispute resolution mechanisms, but I'm very concerned.

I'm just going to stop there, maybe not having covered all five points. I'm sure that during the seven hours I'll have time.

The Chair: No further questions from the opposition at this time? You have 10 minutes left. Do you want to use it?

Mr O'Toole: Minister, we can have a bit of a dialogue through the Chair on this.

The Chair: If that's your wish, then I'm sure the minister can accommodate you.

Hon Mr Duncan: I'll respond once I've heard the opposition, unless you have a specific question. You've raised 20 points.

Mr O'Toole: Yes, I've raised a lot of points.

Hon Mr Duncan: I intend to respond to them in the half-hour, but I'll wait to hear Mr Hampton.

Mr O'Toole: Jim, do you have a couple of questions, having worked on this file?

Mr Jim Wilson (Simcoe-Grey): Let the minister respond.

Mr O'Toole: He wants to go on and hear all the input first.

I have two questions, very simply, right now. Are you committed to the 2007 coal decision?

Hon Mr Duncan: Yes.

Mr O'Toole: Are you prepared to resign if you fail to make the 2007?

Hon Mr Duncan: No.

Mr O'Toole: Why not? I find that an ambivalent answer. This is the whole point I'm making. We're talking to a Liberal government here; that's why you never get the truth. You may as well just throw your questions in the wastepaper baskets.

The other question is: Minister, do you have any idea of the bundled cost for the governance and regulatory functions that are now going to be part of the consumer's bill?

Hon Mr Duncan: Yes.

Mr O'Toole: What is that number?

Hon Mr Duncan: Considerably lower than it was when you left office.

Mr O'Toole: You're telling me that the bill is going to be lower.

Hon Mr Duncan: No, you asked about bundled cost. The wholesale market price is 19% lower right at the moment than it was when you were in office. The bundled cost will be a decision set by the regulator and it will vary over time.

Mr O'Toole: That's exactly the point that the viewer, the listener and the reader of Hansard should recognize. In our six-year plan to deal with the stranded debt and restructure the generation transmission and distribution system, we knew what it was going to take to get the supply side up to drive the price down, and to implement strong conservation mechanisms, which were the EnerStar program, sales tax reductions, incenting water power by municipal and other tax holidays.

If those are the solutions you're suggesting that you're taking credit for—you haven't created one kilowatt of power; not one. So I guess you can take credit for it, and you probably will; I guess that's the way politics works. But we would like to see more supply available and lower prices, no different than you. In that respect we're prepared to work very co-operatively.

1000

We're for a supply mix. We understand baseload is nuclear; that's a given. I'm not sure how far we can move away from that in the short term. The long-term solutions, obviously, are to look to the renewables, and as the economics of that renewable portfolio evolve, you need certainty in policy. The certainty that I don't see in Bill 100 is the RPS, the renewable portfolio standard. What is it? The commission that Steve Gilchrist chaired—the Gilchrist commission, I call it—was called the energy—

Hon Mr Duncan: Very memorable.

Mr O'Toole: Well, the name of the report—it was an all-party report, by the way, and Sean Conway was on that committee. I have the highest respect for the work he's done in that field. They had standards, policy directions, for the government—and this would include you now—on demand-side management, on renewable portfolio standards. What are the renewable portfolio standards? Other countries have them.

Hon Mr Duncan: Five per cent by 2007, 10% by 2010.

Mr O'Toole: So 5%.

Hon Mr Duncan: That has been announced publicly.

Mr O'Toole: Yes, it has been announced publicly.

Hon Mr Duncan: As I said in my speech, we have now put out RFPs—

Mr O'Toole: But if you look at the regulations—

The Chair: Mr O'Toole, you asked the minister to answer your questions. If you let him finish, then the system will work well.

Mr O'Toole: Absolutely. Thank you, Chair.

Hon Mr Duncan: The renewable portfolio standard is 5%, 2007; 10%, 2010. I did an announcement in the House about that, a number of press releases; it was in

my speech today; it's reflected in Hansard in a number of questions.

There were a number of very good recommendations from the alternative fuels group that went well beyond electricity. None of them had been acted on by the previous government. We have begun to move on the renewable portfolio standard in electricity. My colleague the Minister of Agriculture will be dealing with the ethanol issue, as I understand it, in the near term, shall we say.

Mr O'Toole: It was supposed to be yesterday.

Hon Mr Duncan: Well, it will be done, and done right. So we've set those out very clearly. Those standards compare favourably to most other jurisdictions in the world. Some jurisdictions are ahead of us. We've said we would like to be the lead jurisdiction in the world on renewable electricity, which is where my focus has been.

Mr O'Toole: I didn't want to appear in any way belligerent. It is my role, as opposition critic, to point out concerns and uncertainties. I'm pleased that you are at least giving credit to the work done by the alternative fuels committee, Gilchrist et al. And yes, I am familiar, but I just want it on the record here—it's for the public and the public record. One promise here again that I only hope—I know you had an RFP out for renewables. I think it was 250—

Mr Duncan: Three hundred megawatts.

Mr O'Toole: Three hundred.

Hon Mr Duncan: A thousand have bid in.

Mr O'Toole: And have you signed those contracts back?

Hon Mr Duncan: As I understand it, they are being assessed now, and some could be in place as early as early 2006.

Mr O'Toole: Are you adopting—

Hon Mr Duncan: Nothing had been done until a year ago. In the year since we took office, we have initiated the process. We set up an outside group because, frankly, your government took apart our ability to negotiate these. There was nobody that could enter into a contract on this sort of thing. We now have 1,000 megawatts on the table of renewable power. My understanding is that three quarters of that is wind. There are biomass proposals in there. I believe we will have an announcement toward November on the renewable RFP, once the assessment is done of the bids.

The good news here in terms of price is that there are so many megawatts on the table that proponents, whoever they are, are going to have to sharpen their pencils. As you know, the price of renewable electricity at this point in time is higher on average than, say, nuclear or coal, but we believe that once projects are on-line, once they become economic, those prices will come down and will help put downward pressure on the overall price of electricity.

So we set it up; we started it. The initial processes have happened. We've whittled it down from 4,400 proposals to 1,000. As I understand it, negotiations are going on with the independent consultant on those issues,

and by mid-November we should have a response and a number of announcements.

Mr O'Toole: With Bill 100, if you talk about those standards, I believe the actual standards on the renewable portion, what will be defined as renewable, are actually in regulation. The issue I heard from some of the generation sector is, can you tell them clearly what would be defined as a renewable source? This becomes quite interesting when you look at some of the issues: the methane issue, the biomass issue. Some would argue that they aren't renewable in terms of the pure science of it all. Isn't it true that this is going to be done in regulation?

Hon Mr Duncan: The RFP specifies what projects are acceptable or not. You may want to go and have a look at it; it's on the Web. The same group was complaining about the amount of paper that goes with it, but those are very clearly defined in this RFP. Bill 100 has really nothing to do with it.

Mr O'Toole: Yes, it does. There's a portion in the regulation section that defines what you will determine to be renewable. Some are saying that nuclear could be renewable.

Hon Mr Duncan: Yes, but you raised it in the context of this—

Mr O'Toole: I said, under Bill 100.

Hon Mr Duncan: OK. Well, under Bill 100, those kinds of decisions will be taken by the Ontario Power Authority, and there will be the regulations set by the government. The government will lay out the original supply mix. For instance, this year the conference of Canadian energy ministers unanimously agreed that hydroelectric is a renewable source.

Mr O'Toole: Of course.

Hon Mr Duncan: Well, it's not "of course." There are a number of organizations that don't agree with that. But in this RFP, it specified what constitutes "renewable."

The Chair: Thank you, Mr O'Toole. This round is complete. I'd like to now recognize Mr Hampton.

Mr Howard Hampton (Kenora-Rainy River): If you don't mind, Chair, I simply have a few questions I'd like to ask the minister.

The Chair: It's your time, if that's what you choose and the minister is comfortable.

Mr Hampton: Thanks very much.

The Chair: As long as you agree with each other to finish before you answer or question, that would work out really well.

Mr Hampton: I guess my first question for the minister is, I heard Mr O'Toole ask you about your commitment to close the coal-fired stations by the year 2007. I believe your response was, yes, you were going to close all the coal-fired stations by 2007. Is that what I heard?

Hon Mr Duncan: Yes.

Mr Hampton: He then asked you if you would resign if you failed to close all the coal-fired stations by 2007, and you said no.

Hon Mr Duncan: That's correct.

Mr Hampton: You don't think you should resign if you fail to keep a major commitment like that?

Hon Mr Duncan: No, I won't commit to it at this point.

Mr Hampton: If you are so committed to closing the coal-fired stations by 2007, can you tell me why, at a Liberal policy conference which is going to be held in a few weeks, one of the issues you will be debating is:

"6. Supply Mix

"The party has committed to put an end to coal-fired electrical power generation in the province by 2007. What does that mean for other electrical power sources in the province (including importation of power)? Under what conditions would Ontario need to relent to continue with coal-fired power production and for how long?"

Why would you be debating under what conditions you would not close the coal-fired stations by 2007? Why would you even be debating that if you've decided that you're going to close them?

Hon Mr Duncan: I had a look at the whole document; you may want to do that. We are committed to closing by 2007. There's not going to be a relenting. We're moving relentlessly toward that goal. There are enormous challenges, as you and others have pointed out, with respect to achieving the goal, but we are moving relentlessly to achieve that goal. In that one document that you and the Toronto Sun referenced, if you go a little bit further into it and a little bit earlier, you will see that there's an unequivocal commitment to achieve the coal goal.

Mr Hampton: Well, it sounds as if in one place you're saying, "We're going to"—

Hon Mr Duncan: It doesn't sound like that to me. I can tell you, as energy minister, the government is moving relentlessly to achieve the coal goal.

1010

Mr Hampton: Then why would you even debate the question, "Under what conditions would Ontario need to relent and continue with coal-fired power production and for how long?" Why would that even appear if the decision has, a priori, been made that we're closing the coal-fired stations? It seems to me you simply reopen the argument, "Should we or shouldn't we? If we should, when?"

Hon Mr Duncan: The first coal plant will be closed next April. We have now, I believe, coming on stream in time to achieve the balance—we're almost up to 50% of what we need in terms of replacement capacity. We are relentless in that undertaking.

Mr Hampton: I want to talk a bit about the so-called replacement. When we look very carefully at the fine print in the documents calling for replacement power, it doesn't say that this must be on stream by 2007. In fact, it says it may not come on stream until 2009. If some of this so-called replacement supply doesn't come on stream until 2009, then how do you shut down coal-fired plants in 2007, when you're not assured of getting a replacement until 2009?

Hon Mr Duncan: You're referring to the Beck tunnel.

Mr Hampton: No, I'm referring to the documents that you put out.

Hon Mr Duncan: The 2009 relates to the Beck tunnel. The Beck tunnel does not add any new megawatts; it simply makes more effective use of the existing capacity at Niagara Falls. We expect, particularly with the two RFPs that are out now, that on the renewable side we will have projects in place by 2006. On the 2,500-megawatt proposal, we fully expect that many of those projects, depending again on which ones are successful, will be in place in time to allow us to achieve our full goal without undermining Ontario's overall supply.

Mr Hampton: Then why in the RFPs does it say, in terms of the timelines that new private producers are required to meet, that they've got until 2009?

Hon Mr Duncan: First of all, we didn't want to discourage proponents that may take longer, but you also neglected to mention the bonus provisions that are included for those projects that come on-line by 2007. That was in that document. You can't have it both ways. You can't on the one hand say that we're going to 2009 and then ignore the other part of the document that will bonus organizations that can be on-line by 2007. Once we go down to the point where we're getting projects on-line, obviously 2007 is important to us to have them on-line. At the same time, we didn't want to discourage longer-term projects, so we put in both those provisions. I know you'd want to make reference to both provisions in your statement.

Mr Hampton: It just seems to me that if the replacement power is needed by the end of 2007, it would be absurd to then say in the actual contract or in the legal requirements, "but you've got until 2009." It seems to me there's an inherent contradiction there. You can't have a legal requirement for it to be available for 2007, but then say, "You're OK if it doesn't come on stream until 2009."

Hon Mr Duncan: I don't see it the same way you do, and that's why we put in the bonus provision for those projects that complete by 2007.

Mr Hampton: We'll have a chance, I'm sure, to return to this.

Hon Mr Duncan: The other thing I wanted to mention is that you in your own platform said we could close coal-fired generating stations by 2007. You said that in 2003 in your platform.

Mr Hampton: Yes.

Hon Mr Duncan: Then you said on March 19 of this year, "I was asked this question during the election campaign and I said that you can't, in the space of three years, close all the coal-fired plants."

Mr Hampton: That's right. That's what I said.

Hon Mr Duncan: Yes. Well, you flip-flopped.

Mr Hampton: I was asked—

Hon Mr Duncan: Flip-flop.

Mr Hampton: No, look. Let's be—

Hon Mr Duncan: During the election, you said you could do it. Now you're saying we can't do it. You said it could be done by 2007. That's not me; that's your

campaign document. Which is it? You're saying we can't do it; your campaign document said it can be done.

The Chair: Minister and Mr Hampton, please. The Chair—

Mr Hampton: I'm glad Mr Matthews is here because, yes, I was asked during the fall of 2003, "Do you think all of the coal-fired stations can be closed by 2007?" I said then, during the election campaign, "The timeline is now too short. The best that we can do, in my view, is close the most serious offenders in terms of air pollution, but you will not be able to close all of the coal-fired"—

Hon Mr Duncan: That's not what your platform said.

Mr Hampton: I was asked by the media, "Do you still think you can meet that?" I said so at the time. You still insist you can close them. I'm sure we're going to return to this question again.

A couple other questions: pricing—because I just want to be clear on the pricing issues. On the one hand you say there will be a regulated price for some of OPG's assets, but then you say at another time that certain sectors of electricity production will not be regulated, it will be a market price or a long-term contract price or some combination thereof. I just want to be clear, then.

From your earlier Bill 100 statements, I think you said that the price of electricity from the Niagara Falls hydro generating plants and from the Saunders hydroelectricity plant on the St Lawrence River would be regulated. I asked you at that time, "What about the other hydroelectricity plants, the falling water plants that are owned and operated by OPG? Would they have a regulated price?" I believe you said no.

Again, to be clear, I'm asking you. There are a number of falling water hydro plants in northeastern Ontario, northwestern Ontario, central Ontario, eastern Ontario. Will those other falling water plants have a regulated price, or will they play the spot market?

Hon Mr Duncan: The baseload plants, the ones we identified?

Mr Hampton: Saunders and Niagara.

Hon Mr Duncan: Saunders and Niagara are the regulated ones, and the nuclear assets. The so-called falling water ones will bid into the market.

Mr Hampton: They will bid into the market.

Hon Mr Duncan: Yes.

Mr Hampton: So if the price of electricity on a given day in the very hot summer when electricity use is way up, they could be bidding in at 14 cents a kilowatt hour, 20 cents a kilowatt hour, whatever the—

Hon Mr Duncan: Given they're essentially hydroelectric, they should help to keep the price moderated and the price down.

Mr Hampton: What we saw with Brascan—when the former Conservative government sold the hydro plants on the Mississagi River, Brascan turned those essentially into peaking plants, and they would bid those plants in at a very high price. Even though the price to produce electricity in those plants is around 2.5 cents, three cents a kilowatt hour, they were bidding them in at 15 cents, 20 cents a kilowatt hour.

Hon Mr Duncan: These are baseload plants and will continue to operate as such.

Mr Hampton: To be clear, Niagara and Saunders are baseload plants, but the other falling water hydro plants, even though owned by OPG, will not be subject to regulation; they will play the market. Is that right? I think that's what I heard you say.

Hon Mr Duncan: They will sell into the market; they won't play the market—

Mr Hampton: Will they be regulated or unregulated?

Hon Mr Duncan:—which means their lower costs will help moderate prices in the open market.

Mr Hampton: It's not a question of cost; it's a question of at what price they will sell. If their price is not regulated, then they will sell at the market price.

Hon Mr Duncan: They will sell to be competitive, I would assume, and help bring prices down and sell their power.

Mr Hampton: We have an example in the province—

Hon Mr Duncan: I'm not sure what example you're talking about.

Mr Hampton:—of falling water hydroelectric sites: the four Mississagi plants that were sold by the former government to Brascan. They are unregulated. They bid into the so-called competitive market. Historically—it's all documented; it's documented in their own financial returns—they bid in at a very high price.

Hon Mr Duncan: These are OPG assets, first of all. They're not—

Mr Hampton: But you've just said—

Hon Mr Duncan: We want them to run when demand is highest, and they will run when demand is highest, which we believe will help moderate price at those peak times.

Mr Hampton: But they will not sell at a regulated price.

Hon Mr Duncan: Pardon me?

Mr Hampton: They will not sell at a regulated price.

Hon Mr Duncan: Those? No. We never said that. What we said was Niagara Falls, Saunders and the nuclear assets—

Mr Hampton: So OPG will essentially be able to bid those plants in at whatever the market price is on that given day.

Hon Mr Duncan: Yes.

Mr Rick Jennings: Rick Jennings. Of the about 34 terawatt hours of water that OPG has, the regulated covers about half of that—17 to 18 terawatt hours.

Mr Hampton: So Niagara Falls and Saunders, and the other half—

Mr Jennings: Well, they're all going to be offering in at the market price.

Mr Hampton: Pardon me?

Mr Jennings: They're all going to be offering in at the market price. The question of those assets is, you want them to run when the demand is the highest. Otherwise, if they operated like the baseload, you'd run out of water and power.

1020

Mr Hampton: That's not the issue. The question is, will the power that is produced by those other plants, roughly 50% of the water capacity of OPG—will they sell in at the regulated price—and the minister keeps saying the regulated price will be lower—or will they sell in at the market price?

The historical experience is, when those Brascan plants moved to market price, they bid in at a very high price. Brascan boasted about how much money they made off those plants. They said, "It only cost about three cents a kilowatt hour to produce electricity, but we were selling it at 14 cents, 20 cents a kilowatt hour." That's why people's hydro bills went through the roof. That's the question I want you to answer. Will they be selling in at a regulated price, or will they be selling in at the market price? Yes or no? Which is it?

Hon Mr Duncan: They will be selling in at the market price, but—this is where your logic is—first of all, to compare Brascan with OPG is wrong. Number two, you have very different objectives. I would say this: The only way you're going to get price down is to increase supply or decrease demand, or some combination thereof. None of that has happened in the last 14 years.

I was delighted to hear Mr O'Toole congratulate the conservation supply task force, whose recommendations we have followed, even though he's voting against the bill—or at least you've indicated you're voting against the bill. We believe the model we have constructed will moderate prices at peak times, will lead to more supply and decrease demand. It's an overall package.

If OPG doesn't have the resources to reinvest—for instance, Mr Hampton, you know this; you represent the north. There are dams and so on up north that haven't been fixed in years. They're not operating efficiently. That's another part of what we have to do.

Mr Hampton: I find your belief issues quite interesting, but I want to get deeper into the issue of pricing. Will Darlington and Pickering receive a regulated price? That regulated price will be set by whom?

Hon Mr Duncan: By the OEB.

Mr Hampton: By the OEB.

Hon Mr Duncan: Yes.

Mr Hampton: And how will that regulated price be determined?

Hon Mr Duncan: By government regulation initially, until the OEB has its pricing plan up.

Mr Hampton: So you're regulating that price now?

Hon Mr Duncan: Once the legislation is passed. This is the draft regulation, which has been published.

Mr Hampton: All right. So we can look at that draft regulation and we'll be able to determine what the regulated price will be for Niagara Falls, for Saunders, for Darlington and Pickering?

Hon Mr Duncan: The price isn't in the draft. The regulation governs how it will be set by the OEB, and this is public. We circulated that. It's section 2. It's on the Web site as well.

Mr Hampton: So do you have any sense of what that regulated price will be now? Do you have any sense of what it will be, how high it will be?

Hon Mr Duncan: No. Not yet, no.

Mr Hampton: OK. What about the OPG coal plants? Assuming they're going to be producing electricity in 2005, 2006, and, it looks like, 2007, will they sell at the regulated price as well?

Hon Mr Duncan: No, they will not.

Mr Hampton: They will not. Now, if my memory is correct, that's 25% of the production in Ontario.

Hon Mr Duncan: Until next April, yes. Then it will be below that considerably.

Mr Hampton: Now, what you said to the public is that you will use the publicly owned OPG assets to, in effect, moderate the price of electricity. But as I understand it now, half of the falling water capacity will not sell at a regulated price; it will sell at the market price, while Darlington and Pickering will receive the regulated price. That's going to be very high-priced electricity, because we now know that there are a number of costs at Darlington and Pickering that have to be included in the price.

Hon Mr Duncan: As we said, just to—

Mr Hampton: Just hang on. Let me ask the question.

Hon Mr Duncan: Well, no, let me answer one of the first five you've asked. The other thing you've neglected to say—

Mr Hampton: Coal assets will not sell at the regulated price. It already looks as if—

Hon Mr Duncan: You're not being clear. You're misleading.

The Chair: Gentlemen. First of all, Minister, I'd like to give you an opportunity to withdraw the remark.

Hon Mr Duncan: I will withdraw the remark.

The Chair: None of this is going to be recorded on Hansard. It looks terrible on television. We are capable of better.

I would ask you to state your question and then indicate to—

Hon Mr Duncan: Let me answer.

The Chair: Well, you're both enjoying a debate here, and we're not. So I would ask you to please try to bring this to a more formal proceeding because we have seven more hours of this to do.

Mr Hampton: You said earlier that the electricity produced by the coal-fired plants will not sell at the regulated price but that it will sell at the market price; yes or no?

Hon Mr Duncan: We have said that 60% of OPG's output will be a regulated price. That has been in all of our announcements, it's clarified in the document that's on the Web site and it remains the policy of the government.

Mr Hampton: What comprises that 60%, then? So far it's Darlington, Pickering—

Hon Mr Duncan: Have a look at the regulations. They've been made available to you at committee and they've been made available on the Web site.

Mr Hampton: Darlington, Pickering—

Hon Mr Duncan: Adam Beck, Adam Beck 2, Adam Beck pumping and generating station, DeCew Falls 1 and 2, Saunders, Pickering A, Pickering B, Darlington: Those are the key ones. That represents 60% of OPG's regulated output.

Mr Hampton: If coal represents 25% of the general output in Ontario, and then of the hydro, half of the hydro is not regulated—half of the hydro capacity will play the market price.

Just to be clear, the electricity production of OPG—Darlington, Pickering, Niagara Falls and Saunders will be regulated price and everything else will play the market.

Hon Mr Duncan: Yes.

Mr Hampton: OK. I just want to be clear on that.

Hon Mr Duncan: Just in terawatt hours, there's a total of 109 terawatt hours. Nuclear is 45. Hydro is 18 terawatt hours. That's how we get to the 60% regulated figure.

Mr Hampton: We'll have a chance to come back to this, I'm sure.

Will Bruce produce electricity at a regulated price or an unregulated price?

Hon Mr Duncan: Bruce is unregulated price.

Mr Hampton: OK. It's my understanding that in your so-called hybrid market, new generation will bid into the spot market but will also sign long-term fixed contracts. It seems like you have two prices here.

Let's say TransAlta contracts with the Ontario Power Authority to build 1,000 megawatts of new natural gas generation. I think that'll be very expensive power, but let's just assume that you do some of that natural gas. Mr McGuinty was very fond of natural gas in the run-up to the election.

So TransAlta puts in a bid with OPA, saying, "We'll provide 1,000 megawatts of natural gas-fired electricity," and they sign a contract for, let's say—I'll give you the benefit of the doubt—seven cents a kilowatt hour. I think the natural gas will be much more expensive than that. In fact, I'm sure it will be much more expensive. But then they will also bid the day-to-day spot market?

Hon Mr Duncan: What we've set up is a capacity support payment system. I'm going to let Mr Jennings explain it in some detail to make sure that it's clearly understood.

Mr Jennings: The RFP that we have for the 2,500 megawatts is based on the project proponents identifying a support payment requirement, what they need per month to operate. The way it is set up is that when they're deemed to be economic to run based on the market, the money they make then will be subtracted from the support payment. Basically, the government is sharing the risks with the proponent. So if the proponent is operating once the plant is built—

Mr Hampton: So, the day-to-day dispatch price.

Mr Jennings: Yes. Say the support payment was identified, just as a hypothetical number, as \$10 a kilowatt for that month. If, during that month, in the operation of the plant based on the market, they made

\$11, then the government wouldn't only not pay them; the government would extract it. If they made \$5, then the net payment would be \$5.

So the government is identifying their support payment, what they need to be viable to run, but any money they make above that, the OPA will be keeping. The capacity, in other words, is there as a result of the contract—

Mr Hampton: So let's say TransAlta bids in at 10 cents a kilowatt hour, says, "That's what we need on a 20-year basis to cover capital costs, financing, operation, the price of natural gas." If on the spot market on any given day they only get eight cents, it doesn't matter, they're still going to get the 10 cents?

1030

Mr Jennings: As part of this RFP, they identify what they need—

Mr Hampton: Yes, long-term, all included costs.

Mr Jennings: —so say it's 10 cents per kilowatt. During that month it's tracked basically when it is economic for them to run. They have to identify what their efficiency is. Gas prices are tracked. So it will be identified when it is economic for them to run and when it isn't. So if they didn't run, but it was identified that they should have run, then that comes off their support payment. The point of this is that they have an incentive to run whenever their costs are covered. So it should mean you're bringing more supply into the market, plus you're reducing that support payment.

Mr Hampton: You want to talk about cost. What I'm talking about here is price. If they bid in at 10 cents a kilowatt hour, that's their long-term fixed price. That's what they bid in on.

Mr Jennings: They would be incented; in fact, they would be penalized if they are not trying to run whenever it is economic for them to run. So they will have an incentive to run because their support payment—

Mr Hampton: I understand that. But let's say that on a given day the price in the market hits seven cents a kilowatt hour. Are they going to get the seven cents or the 10 cents?

Mr Jennings: They will be paid whatever the clearing price is. If they're running, they will get the clearing price. If the prices are high, it reduces the support payments they get from the government in the month. So if you look at what the net impact is on the consumer, yes, when the price is high the consumer has higher prices, but the support payments are reduced if they are operating in the market and making money.

Mr Hampton: You're still not answering my question. On that day, when the price of electricity only hits seven cents, do they get seven cents or 10 cents?

Mr Jennings: No. If they are running, they will get the market price in place that day. The revenues they get during that month are taken into account in looking at what support payments they get. So those revenues, if they are making money that month, will reduce their support payments.

Mr Hampton: And if they don't make money that month, then they'll get the 10 cents from OPA.

Mr Jennings: The difference is that one is an identified number for the capacity. If they're not running, they're not going to get fuel and operating costs covered, for instance; they will just have their identified fixed costs. If they're operating and making money, those will come down, depending on—

Mr Hampton: So on that day or in that period of time, they'll get seven cents, then at the end of the month they'll get a top-up figure, as I understand it, which will bring them up to 10 cents.

Mr Jennings: Well, basically this is to bring on the capacity. So they've identified the costs of the capacity—

Mr Hampton: I don't care whether it's to do this or that. I'm asking you about price. As I understand what you've set out here—

Mr Jennings: They will receive the market price. What they make in the market will be factored into their support payments.

Mr Hampton: Plus they'll get the top-up, in this case.

Mr Jennings: It will be—

Mr James Gillis: I think the distinction here is that they probably wouldn't run at seven cents; they would only run if the market price were 10 cents. It's not that we would be rebating them the three cents, because they wouldn't in fact run. The point that Rick was trying to make is that if they don't run, there is a capacity payment that's made to them to have the capacity available should the price go up.

Mr Hampton: And you can call that a standby charge or standby whatever to be there.

Hon Mr Duncan: A capacity payment.

Mr Hampton: All right. Some people call that a standby charge; there are different names for it.

If, say, during the month the price exceeds 10 cents—let's say the price gets up around 11, 12, 13 or 14 cents—at the end of the month they would have to pay some money to OPA?

Mr Jennings: If they end up making more money in the market than the required support payments, that's right, then the money would flow the other way.

Mr Hampton: All of it?

Mr Jennings: The way it's structured now, yes.

Mr Hampton: All of it would flow back?

Mr Jennings: Yes.

Hon Mr Duncan: Ninety-five per cent.

Mr Hampton: Ninety-five per cent? So they still get an incentive to play the market. In other words, they're still going to get to keep money above what they bid in at long-term with OPA.

Mr Jennings: But the sharing is 95.5%.

Mr Hampton: I hear that. I'm simply saying, if the price goes above what they bid long-term—10 cents—they're going to keep more than 10 cents.

Mr Jennings: Well, it provides them—you obviously want to have an incentive to have them run as much as possible. If you're building the capacity—

Mr Hampton: Yes or no? Are they going to keep more than the 10 cents if the market price on a given day or over a given month goes above 10 cents? Yes or no?

Mr Jennings: Well, sharing is 95%, yes. They will get 5% of that.

Mr Hampton: They'll get 10 cents plus they'll get 5% of whatever amount is over 10 cents?

Mr Jennings: No.

Mr Gillis: That's right, actually. From your example, if their actual cost is 10 cents and the market price is 11 cents, they get 5% of one cent for every unit they produce, over and above their return on capital etc.

Mr Hampton: Minister, you will remember Steve Thomas. He's an economist at the University of Greenwich. He commented on your pricing model, and one of the things that he said would be very important would be that a review of gas resources available to Ontario should be carried out if it's expected that a significant proportion of new plant will be gas-fired. Has the Ministry of Energy carried out that review of gas sources available to Ontario?

Hon Mr Duncan: The ministry itself has not. However, we do get reports from various sources, as I'm sure you know. Again, depending on who you ask, you'll get different estimates about future gas supply, but the salient question is, how reliant should we be on natural gas? I suspect you're heading in the same direction that we are, that we can't be too reliant on any one source. Our objective is a diverse portfolio. That's why we're looking at renewables the way we have.

Natural gas will continue to be a component. There is debate around how much natural gas there is left in North America, and natural gas prices are very high right now, as you know, in part because of that uncertainty. Liquefied natural gas would be more expensive. It's imported from wherever it's imported. We don't have a liquefied natural gas port anywhere in Canada right at the moment, although there are a number of proposals.

Our objective over time is to have a balanced portfolio, a mix of supply, so that we're not overly dependent on any one form of fuel.

Mr Hampton: So the short answer to my question is, no, you have not conducted a review of gas resources available to Ontario.

Hon Mr Duncan: We get reviews provided to us by outside consultants that are available regularly. I believe we get monthly—is it fair to say, Rick, "monthly"?

Mr Jennings: Yes.

Hon Mr Duncan: Yes, monthly. CERA has its own team out doing research. We don't have the expertise in terms of this.

The Chair: Minister, you and your deputies now have an opportunity to respond to the questions raised in the preceding session.

Hon Mr Duncan: All right. Mr Hampton didn't really give a statement, so I'll just limit my comments. I have how much—30 minutes' time?

The Chair: Up to 30 minutes.

Hon Mr Duncan: I did want to respond to some of the points raised by Mr O'Toole in his opening statement. He raised 20 issues, and I just want to quickly respond to them.

Our voting to remove the price cap: I've said it before and I'll say it again—we were wrong when we voted for it. We acknowledge that. We've removed the price cap. It had a detrimental impact not only on consumer behaviour but on our entire supply. So we were wrong, and we see that now.

1040

Since you raised the issue, I've had a chance to look at—you indicated that we forced you to do it. That's not what the minister and the Premier of the day said when they did the announcement about it out in Mississauga. In fact, they were quite delighted to do this and said it would lead to lower costs and more supply. It's all available here and I'll make sure that's distributed to members of the committee so they can see it. To suggest that the opposition forced you to do that when you had a majority government is a little bit disingenuous.

Price is the issue; power at cost. There is no doubt that price is a key issue, absolutely, and there's no doubt that we all are concerned about the cost of electricity. You raised Adam Beck and his old power-at-cost model. That model worked extremely well when Ontario's natural gifts could supply all the electricity we needed. It worked very well. The problem is, we began to exceed that supply about 40 years ago. The reason it worked well is because hydroelectric power is relatively inexpensive. You can build a dam and it'll function for 100 years. I think Niagara Falls is producing electricity today at about seven tenths of one cent a kilowatt hour and requires low maintenance. As long as that situation was there, we could it.

But about 40 years ago our domestic demand began to exceed our ability to supply it with just hydroelectric, so we looked at a number of alternatives. You know the history. The nuclear programs had huge challenges in terms of cost. We still don't know what the cost of storage of the waste is. That's why, when we look at Sir Adam Beck's model, we have to be careful to understand that it's a very different world and that we cannot supply our entire need simply with hydroelectric.

There are a couple of things I did want to say. First of all, Mr Hampton's government cancelled the deal with Manitoba on Conawapa. Your government launched the beginning of feasibility on it and we just released the first phase of that feasibility. We're moving forward on that.

Number two, we believe there are 3,000 to 6,000 megawatts of clean, renewable hydroelectric power throughout this province that I think, because of our nuclear preoccupation over the last 30 years, have not been looked at carefully. We're going to have another look at those. There are, throughout the north, some dams and generating facilities that haven't been repaired or updated in years. We think that's important to look at as we move forward as well.

The point I want to make is that Ontario did have power at cost. There were problems throughout Sir Adam's tenure and right up until the advent of nuclear. The bottom line is, we can no longer supply our demand with hydroelectric power; we haven't been able to for some 40 years. We've been importing, I think, for some 30 years, if I'm correct—25 or 30 years.

You spoke about demand response and demand management and how you spread the benefits of that to small consumers. I acknowledge, you're absolutely right. A small consumer, someone like your mother-in-law or somebody in a small unit, will not have the same ability to conserve as somebody in a 2,000-square-foot home with a gas-heated swimming pool. We're looking at other models around the world to see how the benefits of conservation have been spread. District heating is one potential. We have small district heating systems in a number of our large urban centres, but there's no doubt that it's more difficult for a small consumer to take advantage of the benefits of conservation.

We see right here in Ontario, in my experience now, as brief as it has been, success. Woodstock is a very good example. I know you're familiar with that program. Many of their consumers are small power users. I believe about 25% of their customers are on this smart card system, where you literally go to the convenience store, fill it up like a phone card, put it into your meter, and it measures how much you use. They're saving, on average, 15%. I met with Ken Quesnelle, the vice-president of that particular LDC. Many of their consumers who are saving this money are small consumers. So there are opportunities.

I'll relay the story of a fellow who's our butcher at home. Ted Farron runs a small, high-quality butcher shop. Through changes to some of his fridges and so on, he's indicated to me that he's saving almost \$300 a month on his electricity bill. So there are a lot of opportunities. They're well documented.

I do agree that spreading the benefits of conservation to people who have low levels of consumption is a challenge and it's something we have to meet.

We endorsed the conservation supply task force report and its recommendations and have incorporated them into Bill 100. We felt those recommendations from the group that was chaired by Mr Pratt at the end represented a consensus among experts, elected and non-elected, about what the best way to go forward is, recognizing there is no absolutely right way, that there are challenges in no matter what we do. I'm glad to hear you endorse their recommendations, because that's what's contained in Bill 100. My hope is that you'll see the linkage, and, given your support for the conservation supply task force and their recommendations, that you'll see the wisdom of Bill 100, which incorporates those recommendations, almost in their entirety.

I addressed that we didn't force you to freeze the price.

I want to acknowledge that your government had been working on the Beck project for close to nine years, I

think. I'm delighted you support our initiative. I guess the question in my mind is what took you so long and why you didn't announce it. The economics are very clear on the tunnel.

Let me address the Beck 3 issue. The economics weren't as clear. The economics on Beck 3 were such that the price of electricity that could be generated would be so high as to make it completely uncompetitive and unrealistic to proceed, so we proceeded with the tunnel. The other problem is water levels. To do Beck 3 might have entailed making the Horseshoe Falls a giant rock-climbing centre in Niagara Falls. I'm delighted you support our initiative. I know your government looked at it for some nine years, but we're out doing it. We had the announcement within six months of taking office.

The coal promise: Yeah, you folks did promise to close the coal plants by 2015. We thought that was unacceptable, as Mr Hampton's platform said. We agree. We believe we can do it by 2007, and we're moving to do that.

With respect to regulation 275/04, I've asked my officials to prepare a written response for you. We'll get that to you, hopefully before day's end.

You mentioned the debt retirement charge. I just wanted to put in a part you forgot to mention: Even though your government slapped a charge on every consumer in Ontario for that, we failed to pay down any of the debt that was accumulated. The project was supposed to be 12 years, I believe, and none of it has been paid down. Again, a pretty bad failure of previous policies.

Clean coal: This is a fascinating debate that's going on around the world. Clean coal comes down to the question of CO₂ in the emissions. It's the CO₂ that contributes to the greenhouse gas problem. Clean coal gets out the so-called NO_x and SO_x; it doesn't get at mercury, it doesn't get at what they call the particulate. I don't know the precise definition of "particulate." Perhaps one of my officials can enhance that at a later point in our discussions. But suffice to say, it doesn't get at the CO₂.

1050

The one thing I think we need to focus on here, particularly now that Russia has ratified Kyoto—and Kyoto is going to happen regardless of the Bush administration or whatever—the key, is the CO₂. If we close our five plants by 2007—and that is our objective, our unrelenting goal—we will make 80% of Ontario's Kyoto commitment. What does that mean in terms of economics? It means it takes pressure off our manufacturing sector, who are concerned about the cost of coming into compliance with Kyoto. That's another reason we've proceeded to the next level at Conawapa. The real name for that is the clean energy transfer initiative; that is, greenhouse-gas-free transfer of electricity between Ontario and Manitoba.

So we're not prepared to support clean coal. Some have indicated to me that over time the technology will develop that will remove the CO₂. I don't know if that's true or not. I'm not a scientist. I'm not in a position to

make those judgments. As the technology improves, I think any government, whether it's this government or a successor government, would be obligated to look at it closely. Obviously, again, to reinforce, we want a diverse supply of fuel for how we generate our electricity.

I'm glad you met with local distribution companies, because your government didn't. I think if one group was relieved to see a change of government, it was the local distribution companies. They are faced with a number of challenges. We have indicated that toward the end of this year we are going to begin looking at the coal transmission distribution system.

I've engaged in a number of discussions with the local distribution companies, the Electricity Distributors Association, and they felt that for the first time in many years they had a government that was listening to them. That's not to say we've solved all their problems. It's not to say that there aren't going to be challenges as we go forward. It is, however, to suggest that they were delighted at a number of the changes we've brought about and have said so publicly. I'll provide you with those comments as we move forward throughout the next few hours of discussion.

You raised smart meters. Smart meters, combined with flexible pricing, in my view will give small and large consumers the real tools to manage their electricity bills, to better manage them. We've seen a number of pilots in North America. One system we've looked at very closely is in Italy.

The Italian government is in the middle of installing 30 million smart meters, every meter in the country. They are now up to 18 million. The system savings associated with the smart meters have been so high that they don't have to charge individual consumers for the meters themselves. The biggest problem Enel is running into right now—that's the Italian equivalent of the old Ontario Hydro, I guess—is consumers not being able to get their meters fast enough. They're installing them at the pace of 40,000 a day. It's a tool that will help many consumers, and I believe it will help particularly the small business sector, those consumers who use anywhere from 15,000 to 250,000 kilowatt hours a year. It will help small farms, because these are the folks who are most affected by price and up until now have had the fewest tools with which to manage their energy costs.

Output: You talked about the MUSH sector and its impact. There's no question that our public sector institutions are going to have to make adjustments. I met with one hospital that estimates they can save \$1 million a year through better use of electricity, better flow of electricity within their walls. That's money that can be re-invested in nurses, in long-term care and in other vital things that we need in the health care sector. So there will be a challenge.

Transparency on pricing: You asked for my best guess of the price. Well, you need to understand the regulatory role of the Ontario Energy Board, which has extensive public hearings. All of these issues will be subject to OEB rules and regulations which allow for input. I

believe they also provide intervenor funding, if I'm not mistaken, at least on the gas side right now. I don't know if that decision has been made on the electricity sector. So there are many opportunities for transparency and accountability with respect to the OEB and the way it regulates the price.

What do I think the price will be? I said last year I can't predict that; I won't predict it now. What I can say is this: If we are going to be responsible to consumers and if we're going to be responsible managers of the public, we have to try to divine a system that will yield stable prices. I said last week, and I'll say it again, that you cannot shield consumers from the real price. The price caps that have been in place since 1993 shielded ratepayers but inflicted a very large cost on taxpayers and, finally, inflicted a horrendous cost on the system itself where there wasn't new investment and new supply.

What I believe, John, to be in everyone's interest and the best way to mitigate upward pressure on price is through the creation of more supply and reduction in demand. It's simple; you learn it in first-year economics. When you cut through it and you get through all the regulatory mumbo-jumbo, trying to confuse price issues and pretend that somehow your plan today won't lead to a 43% increase in price, as it did in the first couple of years of the NDP government, is really doing a disservice.

Our objective is stable, predictable pricing and giving consumers the ability to manage their bills as best they can. I believe we can achieve that and I believe we can continue to be competitive on the price of electricity. I said in my statement today that we are still below Michigan, Illinois and New York. We're not lower than Quebec and we're not lower than Manitoba, and you know what? We never have been and we never will be. They have natural gifts. Unless you can figure out a way to somehow tilt Ontario toward Hudson Bay and create more hydroelectric opportunities, it's just not going to happen. By the way, those two jurisdictions have the lowest prices in the world. I know we differ on a lot of these issues, but our key challenge is to provide the regime that will yield stability, predictability and opportunities for consumers to manage their consumption.

You raised the issue of ethanol. Mr Peters, the Minister of Agriculture, has carriage of that file. I was reading in the *Globe and Mail* yesterday that apparently our government is going to be moving on that file fairly shortly. The *Globe and Mail* is never wrong, so I would presume we will see an initiative at some point. Ethanol is certainly a huge opportunity, if done right. I believe Mr Peters and his colleagues at the agriculture ministry will be in a position to have an announcement shortly.

With that, Mr Chair, I'll turn it back to you.

The Chair: Thank you very much. At this point in the rotation we have about an hour remaining before we adjourn for lunch. It's my intention to divide that into 20 minutes to each party, and we'll begin with the governing party.

I will just state for the record that the television coverage of these estimates has been very difficult. We're putting staff through a very difficult period unless we go through the microphone system properly. So I have made arrangements to have committee room 1 available for this afternoon if this gets out of hand, and I will not hesitate to remove the proceedings from this televised room and take them to committee room 1 in order to allow Hansard to do its job and to record these estimates accurately. That is just a simple suggestion as to how we will maintain proper decorum.

I would ask the governing party to respond.

Ms Caroline Di Cocco (Sarnia-Lambton): Thank you, Minister, for being here today. One of the things I've noted with regard to the ministries that preceded us, when you were talking about the size of the actual ministry, is the number of empty chairs behind you that were not there for either health or finance. The room was certainly packed with staff. I guess now I'll be able to just take a look behind the minister to decide how large the ministry is.

1100

I have about three or four questions and also a question about the Ontario Power Authority. I understand that in the past, at one time there was a sector within Ontario Hydro that actually dealt with capacity and looking long-term at how to fill that capacity. That had been removed, had it not? My understanding was that it was non-existent.

Hon Mr Duncan: It was non-existent. Under Mr Wilson's legislation, it was left to the open market, and it didn't work. It didn't work in California and it didn't work in Ontario. So when we got to office, we had no mechanism, even if we wanted to—and we hadn't even made the policy decision at that time—by which we could enter into a power purchase agreement.

The other side of that, though, and one of the reasons we've chosen the model we did and one of the reasons the supply and conservation task force recommended the model they did was that having that function within the old Ontario Hydro was one of the more odious parts of the large single monopoly. They controlled everything, in a sense. Various experts had advised us, including the supply and conservation task group, that in order to make the sector function best, you should separate those functions out.

I did want to respond to the empty chairs behind me. The people you see at this table have made a yeoman's effort in the last year. It is a small ministry. It's a policy-setting ministry. Obviously, the resources of Hydro One and OPG are in the background as well, but with a very small band of very dedicated public servants, we've done an enormous amount, and they deserve a lot of credit for that. They've burned a lot of midnight oil.

Ms Di Cocco: I can believe that.

I have a question, particularly dealing with my constituency. I am certainly committed to cleaner air in Ontario. We need to move forward in reducing the emissions, particularly our coal-fired plants etc. I'm looking forward

to the positive impacts long-term, particularly because of the area in which I live.

On the other hand, I'm hoping the government will look at viability for conversion to cleaner forms of energy. I know there's a cost attached to it, but I think in my area it certainly has a substantial impact because of the industry there and the Lambton generating station that's there.

Hon Mr Duncan: Absolutely. Let me address your question, because it's very important and it's part of our deliberation as we move forward.

First of all, let's deal specifically with Lambton. You've made a number of representations to me and in the House with respect to the jobs there and your desire to ensure that there is no job loss. Lambton would lend itself very well to the conversion to gas. There would be a debate around whether it's single cycle or dual cycle. You're sitting just above the Dawn station. There is access to gas. It appears at this point to be a natural.

One of the challenges we're going to have is that the number of people it takes to run a gas station is considerably lower than the number of people it takes to run a coal-fired station. We're very cognizant of that. Our hope is that by increasing and looking at how much electricity is generated, we can help offset the job impact. But no final decision has been made.

Interestingly, all of our coal-fired plants lend themselves relatively easily to conversion of one form or another. Part of the challenge we're going to have going forward is the number of jobs associated with natural gas or some other form versus how many jobs it takes to run a coal plant.

Like you, my home in Windsor overlooks the Connors Creek coal plant in Detroit. I see it every day. People say, "Why are we closing ours when they've got these things?" Interestingly, I think there are 150 coal plants at various stages of development in the United States right now, and the Bush administration has removed a number of the emissions standards that were in place.

Our view is that we have to lead by example. I'm also pleased to tell you that we have had discussions with a number of Americans, and there are a lot of Americans who agree with us. In fact, Ontario was sued by the Attorney General of New York over, I believe, Lakeview; I can't remember which one. In any event, I believe there are now roughly 40 United States senators and others who have made comments. The Premier's parliamentary assistant, Laurel Broten, has been asked to work with some of our American counterparts. Back in the 1980s with acid rain, Ontario led by example. You can't go and tell your neighbour to clean up his yard if your yard is still dirty. As I understand it, I think Nanticoke is the most polluting plant in North America. I often say when I'm at public gatherings, "Did you ever imagine, when we were young, that we'd have weather broadcasts saying to keep your children indoors today because of air quality?" Did we ever think we'd have a smog day in Algonquin Park, which we had?

We believe that there's a cost associated with conversion. We've done some preliminary work, and we'll have more to say about this later. But when you factor in the costs and benefits associated with our policy, there's actually an overall benefit associated with closing the coal plants, factoring in the price of electricity and a whole variety of inputs. So we think it's the right way to go.

Ms Di Cocco: As you know, in my area we have a concentration of industry—the petrochemical industry in particular. Last year there were two significant blackouts before the actual big blackout, something that had never happened in the history—and I've lived in Sarnia, in that area, certainly since 1957. No one could remember that there was no power to all of the refineries at the same time. It was unprecedented. I think they happened within a couple of months of one another, and then we had the big blackout.

There was some suggestion that there were going to be some improvements done in the area by Hydro One. Do you have any update on that at all?

Hon Mr Duncan: Yes. Hydro One made the improvements. I've forgotten the total amount we spent but there was quite a bit of money invested in repairing the problem that caused those two blackouts.

This leads to a larger policy issue, and that is the false economy associated with hiding the price. We have literally fallen behind in the maintenance of our wires, both at the transmission and distribution end. What you saw is happening in other places more frequently. That, as you know, because I know you met with the industries affected and advocated on their behalf, is a huge disincentive to investment.

When the medicine men of lower prices come about and try to argue the benefit of it, and they forget what has been lost in 10 years on—and we haven't even really begun yet to look at the transmission and distribution side, as I've been saying. We're going to turn our attention to that likely later this fall or early in the winter.

When you're driving down the 401 or anywhere in the province and you see those big wires, how long has it been since you've seen one of them changed? Or how long has it been since you've seen a new one? This is in an environment where we've had an increase in demand, every year, of 1.7%.

Last year I asked the board of Hydro One to give me an in-depth review of the investments they believe we need to make to ensure that we still have the best system in the world.

By the way, we just opened the new Hydro One centre in Barrie, which will improve our ability to manage—it won't prevent a blackout like last August but it'll make it easier for us to respond more quickly. But there's still considerable work to be done.

We believe Hydro One has responded appropriately regarding what happened in Sarnia. I don't believe we've had a blackout or a brownout or a lack of power this year. I believe at this point that they've taken corrective steps. But, again, I know you will continue to advocate if and

when those things happen again. Our hope is that they won't happen again.

1110

Ms Di Cocco: One of the things I'm hearing from industry, particularly from some of the people who want to invest in cleaner energy in Ontario, is that there's a hope of some stability; there's a hope of actually having a policy going forward that is going to provide a sense of stability. One of the other things I've been told is that at least they're able to meet with you. There is a sense of access so that the various issues can be brought forward to the ministry.

Hon Mr Duncan: There was this huge distrust of the energy sector and the policy that had been pursued. One of the first things we had to do was stabilize it so that consumers and investors, small business, everybody, would have more confidence. We have not achieved the level of confidence that I'd like to see. However, I think the response to our RFPs is one indication that there's more confidence.

On the bigger RFP of 2,500 megs, as you know, the SOQ, which is really people taking a place in line—it's not a huge commitment but we've had over 60,000 megawatts proposed. On the first RFP, the renewable one, we had 4,400 megs and when they got through the SOQ phase there were 1,000 left. That's three times what we had asked for and 25% of the original SOQ. So if we apply that ratio, we probably have somewhere between 15,000 and 20,000 megs of power being offered right now. To me, that's a real statement of confidence in the direction we're going.

It's not perfect. I sat in on some of the committee hearings on Bill 100, I've met with the stakeholders before introduction and after and I continue to meet with the folks who are on the conservation supply task force. Most people have been supportive and they all have issues. We brought forward 94 pages of amendments to try to get the bill right. I think one thing we need to do as a Legislature is acknowledge that this sort of thing is always going to be evolving, always changing.

I also benchmarked every other jurisdiction in North America and most in western Europe before we proceeded. Every stakeholder I met with, and some of them were great experts in their field, I'd say to them, "If there's one jurisdiction we can emulate, who would it be?" Out of about 150 consultations when I first became minister last November, through February, I think three responded, and all three disagreed as to which jurisdiction we should emulate.

What we know is that the model that was followed here in Ontario and in California failed. What we know is that under certain circumstances a public monopoly can work, assuming you have a huge reliance on hydro-electric power and no need for any other types of source. So what we tried to do was craft something that we believe will bring stability, bring reliability of pricing, transparency of operation, clarity to the system and the sector and, over time, provide the stability that has been lacking for most of the last 10 to 15 years.

Ms Di Cocco: Chair, I'm not sure how much time is left for my colleague here.

The Chair: About six minutes.

Ms Di Cocco: I'd like to turn it over to my colleague.

The Chair: Mr Delaney, please proceed.

Mr Bob Delaney (Mississauga West): Minister, I'd like to follow up on a remark you made about maintenance of our wires. Like most Ontarians, in 2003 I stayed home for two days in August using a windup radio to keep track of when the power would come on again in northwest Mississauga, where I live. I'd like to discuss with you the issue of our security and the security of our supply here in Ontario.

Our grid, like our power generation facilities, is starting to show its age. As consumers we need to know that our government is investing some of the money that we pay through our monthly bills into ensuring that our grid will not be brought down through a failure or a surge originating outside Ontario. Would you please discuss how our grid, our distribution network, is going to grow more secure in the years to come? As well, would you update the committee on how Ontario has drifted from being a net energy exporter in terms of electricity to being a net energy importer, and what plans and actions your ministry has taken to restore Ontario to self-sufficiency in electricity generation in the coming years?

Hon Mr Duncan: Consumers at home will know that on their bill there are a number of lines; I think there are nine lines. One of them, the money goes into distribution and transmission—transmission specifically.

First of all, I want to say that last year's blackout was imported to Ontario. It was not the fault of the Ontario system. It was not the fault of the government of the day, as much as I might like to try to blame them in some of my more political moments. It was not the fault of a government. It was an imported blackout.

I should tell you that one of the things we did learn from the task group that the federal governments in the United States and Canada put together is that, in fact, Ontario has one of the most reliable transmission networks in the world. In fact, many experts from the United States came up here to look at our transmission system.

We have mandatory reliability standards which they don't have in the United States. So you had a system where one—again, it's like anything else: The weakest link in the chain can cause what we saw. When you think about what triggered that blackout, it was essentially tree limbs on big wires, and it led to a cascading series of events. Poor maintenance, untrained workers—it just grew and grew and grew, and it happened fast and spread quickly.

Before the United States Congress there is a bill that would provide for mandatory reliability standards in the US, but my understanding is, that bill is not going to see the light of day, which is regrettable. We are linked very closely with the US.

To answer the other part of your question, we opened the new Hydro One control centre in Barrie this year, which is state-of-the-art, and I would invite members to

come up and have a look at it. They can pick up a problem within two seconds anywhere in the province. The question was put to the officials there: Would this have prevented the blackout? The answer was no, but it would have allowed us to assess more quickly what was happening, and it may have allowed us to get back on-line more quickly.

Hydro One, as a corporation, is back on solid footing now. We've got a new management team in place. The new board there has representatives as diverse as Bob Rae and Murray Elston, and many others have helped get that organization back on a very solid footing: Rita Burak, the chair of the board there who's known to many members around here, a former principal secretary to cabinet, is doing a terrific job; Tom Parkinson, the CEO. Things have really come together well at Hydro One, and I've asked them to provide me with their analysis of what we need to do in the next 10 to 15 years to ensure that this aging system doesn't collapse, and it shouldn't, because it's pretty strong right now, but it's going to be in need of some real investment.

There are a number of things that need to happen relatively quickly. For instance, near Sudbury, there's a bunching up of wires that doesn't allow for the efficient flow of electricity. Down our way, in Essex-Kent-Lambton counties, there are bottlenecks as well that need to be fixed. But we also want to have a handle on what we need to do to ensure that our transmission system, which has served us well—one of the interesting anecdotes is about the ice storm a few years ago. I remember how Quebec had so many of its towers collapse, while Ontario didn't. It's because our standards were higher in terms of the steel that went into them. Quebec now, with its new towers and so on, is doing what we've been doing.

So there's going to be a need for a large investment in the future that will have to be borne by the rate base. It will have to be factored into the stable, reliable pricing model that we have to have, and the OEB will make those determinations to ensure that the false economy associated with artificially low prices doesn't translate into a transmission nightmare comparable to what we were faced with on the generation side several months ago.

1120

The Chair: We'll recognize Mr O'Toole.

Mr O'Toole: Thank you very much, Minister—a much more pleasant exchange of technical questions and clarifications. I guess we all have different duties.

Initially, just to respond to one of the comments you made in response to the questions I raised, the example you used is problematic. When we talked about hydro-electricity at Niagara Falls and that it virtually operates at no cost, it just shows the inappropriate business risk model that's being used to assess the real cost, because it doesn't. Even if you call it a heritage asset, eventually you're using the asset. Eventually you're consuming its usable life. In fact, if you factor in the probable growth in demand through the growth in the economy, there's no

power that is under a cent per kilowatt, period, even the heritage assets, because that asset is being used and it has to be maintained.

I find that a pretty immature response to a very complex issue when you're looking at two-cost power. This just explains to me that in the future we're going to see a fair amount of fluff around some of the heritage assets supporting the real cost of power. Then there's a regulated portion and what the consumer really sees. I guess politics will still play a major role.

I guess I'm advocating to some extent for some of the small, less-able-to-pay consumers who will need to be supported, because it's not a product like any other product. Probably my position going forward is going to be those persons on fixed incomes, when you get to some threshold of consumption, whatever the experts deem that to be.

One specific question, as opposed to just comments, is about the smart meters. You made an election promise that 800,000 of them would be introduced by 2007. You used a reference of Italy, and I'm a bit familiar with that and their expectations in some of those experiments with smart meters or metering technology. Their success has been highly overrated. An example would be California. Their expectation on recoverables would be less than satisfactory, to put it bluntly. You made that commitment of 800,000. Is there an RFP out to purchase those meters?

Hon Mr Duncan: We have not defined a process yet. We have announced our intention. I imagine we'll have more detail on the precise process by which we would proceed this fall.

Mr O'Toole: So we have no model. I see from ministry correspondence something between the cheaper version, the \$100 type of thing—it's not very smart; it just basically measures off-peak—and the really smart ones that are interconnected to the spot market, technically. They can turn on and off a variety of different things, whether it's a computer or your swimming pool heater or whatever. So I think there are great diversions there. I just think it's an investment that the consumer should be concerned about.

My suggestion there—and I'll ask the question in a minute on smart meters—would be to look at the low-fruit issue, which would be demand-response mechanisms. If you look at the blackout a couple of years ago, with the US interconnect problem and the transmission grid's failure to recover, most of the load was shifted or demand was stopped by the large consumers, not the residential. Simply, the lights went out, so they didn't respond any more than they had to. The people who allowed the grid to come back up were the large consumers: General Motors, Stelco, the petrochemical industry in Sarnia, which Ms Di Cocco would probably like to shut down. They were actually the ones that responded. The CFIB report said that they had to incur millions of dollars in expenses. Are you looking at any measures to bring those large consumer groups into the fold in terms of contracted price or power purchase agreements or demand response agreements, where they

will get power at a certain price provided they will go off-line on high-peak demand periods, or those kinds of solutions?

Hon Mr Duncan: Yes. The RFP we have out right now for 2,500 megawatts includes demand response. I am given to understand that there are a number of proposals in that are coming forward. We've also announced our intention to do net metering, as I said in my speech. Those are the key areas.

In terms of smart meters, I think it's also important to note that many of the large consumers already have them and use them quite effectively. In order for smart meters to work, of course, we have to have a different pricing structure in Ontario, and we will. There have been pilot projects here and full implementations going on in China, Australia and Italy to great effect and to great management.

Somebody said to me, "The technology on the meter in our house is about 100 years old." It literally is that old. I'd invite anybody today—first of all, the meter is outside, for most houses. Second, if you've ever tried to read one—I know I can't—and understand what's going on, you've got that thing spinning around and then you've got those little dials. We rely on meter readers, in many instances, to tell us how. Somebody said to me that it would be like buying gasoline at the gas station. If you go up and you have an imprecise meter, somebody may make an assessment two months after you use it. You pay for it up front. It just is so far behind the world. In Mississauga, they have a pilot going on now where folks sitting at their desks at work can, through their home computer, go in and turn the heat down in their house or turn the air conditioning down and control their consumption.

The challenge with those technologies, and I acknowledge this, is that low-income people or people of more modest means don't necessarily benefit from it. That doesn't mean we shouldn't be proceeding.

The other interesting sidebar to these smart meters in some jurisdictions is that they've effectively shut down marijuana grow house ops, because they can precisely measure how much electricity gets to point A and how much gets to point B, and if there's a big chunk of it missing between point A and point B that's outside of the normal distribution of line loss, they can pinpoint that. So there are a lot of benefits. We are moving aggressively to explore them and to give consumers, particularly small business—this is who will benefit the most from smart meters: small businesses. We've had expressions of support from very, very many of those groups.

Mr O'Toole: I completely support going at the—see, if you look at the overall demand curve, you'd look at it as probably 35% being that group, the residential base. The rest is basically the large consumer, progressively, as you said, the 200,000 kilowatts per year and above. They're really a large, large part. It's like looking at any solution and learning the new initiatives, as you go forward, on the appropriate technology for the sector you're dealing with. When you're dealing with a small-volume

user, to put an inordinate solution on to the metering problem there, they are eventually going to pay for it in their bill. The large consumer has lots of choices to make. The cogeneration option, which is part of that current RFP, I think is important. I think distributed generation, as you said, is part of the solution in the north.

So I'm anxious to see a fuller debate and hope you do convene that debate on some of those solutions to the demand shaving that you're trying to do. You're trying to cut down demand. Some of that is directly through conservation, obviously, and some of it, indirectly, is by other technology solutions, more efficient appliances and solutions. So I'm not too critical on that side. They're all initiatives that I think were underway to some extent.

On the cogeneration file, which I think is extremely important, especially for certain sectors, we tried to find agreement with a couple of the—I think down in Sarnia they had a proposal in the petrochemical area. I'm not sure who actually was doing it, but I think they had a 500-megawatt generator for the purposes of their own consumption, and then they would also be afforded to sell on to the grid, a net metering kind of agreement. Is there more of that kind of issue going forward? The steel sector and the pulp and paper sector are huge consumers.

1130

Hon Mr Duncan: The short answer is yes. Again on the RFP, I believe there are going to be a number of cogeneration projects that come out of it. In terms of net metering, we're proceeding on that. So yes; that's the short answer to your question. Again, I'm not familiar with the specifics of the proposals that are being evaluated, but I'm given to understand that there are a number of cogen projects included in that.

There are issues around cogen, John, that, regardless of the government's intention will be difficult to manage; for instance, steam and the price of steam. If you can't fetch the price of steam you want, that could become an issue. So we're trying as best we can to encourage cogeneration where it can happen, and we believe you'll see a lot of that.

Rick, did you want to add anything to that on the cogeneration side?

Mr Jennings: Just that there are numerous projects that have been looked at. You mentioned the steel industry, obviously, as an example of companies that have looked at that and have certain potentials.

Mr O'Toole: I've got a couple of lines on this in the short period of time. For a moment I just want to shift the topic a bit, but I will be coming back to the large consumer group under the Canadian Manufacturers and Exporters' input into Bill 100. They had a terrific presentation that may only be important to those interested in it at the economy level.

You mentioned the Kyoto accord, which I would say is certainly an objective I would agree with in the longer term for our quality-of-life issues, and we're on the record as saying that. Ethanol is certainly part of that, and the coal solution is part of that. How long it's going to

take to get that technology in place and get agreement—I did read the same article. I understand that Russia is going to be—whatever conditions or exemptions they're being given, there have been sectors in our economy, under the Kyoto accord, that have been given exemptions. One is the auto sector.

I have a very serious concern about our resource sector, and I mean specifically the cement industry. The cement industry is dead in the water on Kyoto; they're closed. They cannot meet the emission targets of the Ministry of the Environment or under the Kyoto thresholds. It's not the fuel they're using; it's the chemistry of the limestone. When you heat it, the emission is CO₂. When you melt the rock to make the cement, you produce CO₂. Not from the fuels that are melting it; you could be using natural gas. That's going to close the industry down. So I think we have to be quite realistic in terms of the balance of the economy as you move forward, the underlying factors of the generation of wealth, and the meeting of laudable objectives.

In my riding, St Marys Cement is owned by a Brazilian company. That Brazilian company has excess capacity and low labour, low input costs, if you will. Guess where the cement to build the 407 or the bridges or whatever is going to come from? Brazil. So we're not saving the system a cent. The whole Kyoto thing is a transfer of wealth, in my view. It's good, but they'll be producing it in Brazil, which is exempt; in Mexico, which is exempt; in China, which is exempt. Look at the economy of China: It's growing at 12% to 15%. Who are the ones who are driving up the current price of steel?

Even the general response and the honesty of the response we're getting on Kyoto, despite Paul Martin's best efforts to smokescreen it—we've got to pay attention on the Kyoto file, and coal is part of it. If we're going to be importing coal, we should be monitoring how much coal or power you're going to import and its source, and hold you accountable for all the power you're using and importing at a spot price, because coal is peaking power. If you're getting it from Ohio, who are you kidding? You've exported the jobs at Atikokan and Thunder Bay and Nanticoke to Ohio, and we're going to be buying it at what price? So let's be straightforward with the people and have reliable, sustainable—all those laudable terms—here in Ontario.

I want to go back to the issue—

Hon Mr Duncan: If I could interrupt, we do import coal now from the United States. Unfortunately it's not always the cleanest coal or the lowest-sulphur coal. But we do now import a considerable amount from the United States to fire our coal-fired plants.

Mr O'Toole: I get the IMO reports on where we're actually getting the generation of electrons from. I get that report too and I do read it.

That's the issue I'm trying to raise. If we close them down, we still might not go into the dark or the brown but we'll be getting the power at spot from somebody else paying much more money for it until we have real

domestic solutions to our problem—which leads me to the next question.

The agreement with Manitoba is very worthy of consideration. One of the most obvious frailties with it is—you say you're going to get 1,500 megawatts or something like that—that there's about a 20% line loss in transmission with the current technology; there's a huge line loss. It's a 20% premium you're paying for this, what you consider a price setter, a three-cent or four-cent power, as you said, or maybe even under a cent. To build and maintain the infrastructure as we know it today, that has to be factored in the costs.

I'd like to see what the costs are. I hope this assessment will bring that forward. Line loss is just one part—or transferring to higher-voltage transmission, or going, like Quebec does, into DC transmission, which reduces line loss, and converting it back to AC. These are huge, expensive solutions that need to be clear to the public before we just say that water power is better.

Hon Mr Duncan: That's why we're doing the analysis and why your government did. If you had a chance to review what we released last week—

Mr O'Toole: Yes, I have the report with me.

Hon Mr Duncan: You'll know, then, that there are a number of issues: Whether you use AC or DC is one; how you route the lines is another; whether there's a federal contribution to the transmission networks is another. We've moved to the next phase of analysis. Then, at the end of the day, when you're looking at a 20- to 50-year time horizon, there's going to be considerable uncertainty. Our view is that we want to proceed expeditiously but cautiously in doing this analysis. As you know, the project was originally approved in 1989. It was then cancelled in 1992 or 1993. There are a number of things that are being looked at. The preliminary results of the first phase say that we should proceed to the next stage.

I believe that whole report is available to the public. They can assess it and have a look at it. Then we'll see where the cost winds up relative to other sources.

Mr O'Toole: Good. Just the last little—

Hon Mr Duncan: The other point I wanted to make, though, if I could—I wish I had brought the map with me. If you look at a map of our transmission networks, you'll see that northern Manitoba feeds areas as far south as Texas. You'll see that northern Quebec feeds as far south as New York. There's no doubt that those—and you're right that depending, again, on whether you have AC current or DC current, those line losses can be significant. But the power is still very competitively priced. It just strikes me as unusual that we don't have greater east-west linkages in this country.

I met with Murray Smith, the outgoing energy minister in Alberta, who is retiring from public life when the next Alberta election is called, which I guess is imminent. To extract the oil out of the tar sands, Alberta needs a huge amount of electricity—huge. They are anxiously watching how this progresses. On an informal basis they

have been very supportive of the concept of an east-west grid.

Mr O'Toole: I guess the grid is a separate debate, technically. I understand only what I read, I suppose. But the interconnect capacity is pretty limited. We have about 4,000 megawatts of interconnect capacity, as I understand it. So, we have a lot of work to do. But that's making an admission to—that's kind of what I understand. Rick, is—

The Chair: John, your time is up. The minister will get a chance in a moment.

Mr O'Toole: Am I done, then?

1140

The Chair: You are done, and Mr Hampton has 20 minutes. That will take us to the top of the hour.

Mr Hampton: I want to continue with some questions about pricing. As I understand the statements you've made, Minister, you say that residential and small business consumers are going to end up paying a fixed, regulated, blended price. Is that right?

Hon Mr Duncan: What we've said is that consumers will have a regulated price. Its inputs are combined, regulated and off the markets. It's a hybrid model.

Mr Hampton: And that price will be adjusted every year by the OEB?

Hon Mr Duncan: Annually at this point in time; over time that may be more frequent.

Mr Hampton: That adjustment will reflect what's happening in the growing privatized generation and the decreasing public generation?

Hon Mr Duncan: When you cancelled Conawapa, that's 1,500 megawatts of public power. Assuming we don't do anything with any of our other hydroelectric possibilities in the north: 3,000 to 6,000. So you're not painting the entire story when you say that. We believe that this model will provide for stability of pricing and, as I've said before, I cannot guarantee that prices will go down.

To answer your question—you're concerned about price; you're going to make the argument that prices are going to go through the roof—I don't agree with you. I think you'll see a stable pricing regime, and when you give consumers, whether small or large, the tools they need to manage their consumption, in fact that will help, along with the framework we've established, to provide greater reliability and stability of pricing than we've seen in the last number of years.

The final point—I alluded to it earlier—is that failure to come to terms with that reality has led to where we're at now, and that is no investment in generation, either publicly or privately, in any kind of manifest fashion. Under the previous government's policy there was complete instability, so much so that they had to revert back to a fully regulated price, a transmission system that has not had significant enough investment in it in the course of the last 10 to 15 years to ensure that we're moving forward. So we believe that the system we've come up with will provide consumers with the best pricing model.

Mr Hampton: OK. You believe prices are going to remain relatively stable and affordable. There are others, such as the major power consumers of Ontario, who say that your model is going to result in at least a further 30% increase in the price of electricity, possibly 53%. I'm not going to argue with you. You can state your beliefs, and good luck to you.

Hon Mr Duncan: And many of them support our policy as well. They understand that when you combine it with distributed generation, when you combine it with a number of the other initiatives we're undertaking, this will allow us to have more affordable prices than what you are otherwise intimating is going to happen.

Mr Hampton: In addition to what is already a fairly complicated pricing scheme you're going to have unregulated prices, which look as if they are very quickly going to become a major component of the market. Then you're going to have the regulated assets. Some of the assets of OPG will be regulated.

Hon Mr Duncan: Sixty per cent of the assets of OPG. Let's be specific.

Mr Hampton: That's your argument. We'll see.

Hon Mr Duncan: No, that's the facts.

Mr Hampton: So it's already a fairly—

Hon Mr Duncan: It's 60%. I want to be clear. Sixty per cent of OPG's assets will be regulated, as defined in the draft regulation that's been put out.

Mr Hampton: We'll see.

Hon Mr Duncan: No, it's not, "We'll see." That's what it is.

Mr Hampton: We'll see.

Hon Mr Duncan: You said "some." It's 60%.

Mr Hampton: Well, we'll see.

Hon Mr Duncan: I think you need to be accurate.

Mr Hampton: We'll see. You can state that belief.

Hon Mr Duncan: Accuracy is important.

Mr Hampton: Historically, we'll see.

Hon Mr Duncan: Historically, prices went up 43% when you were the government.

Mr Hampton: You're also going to bring back what you call retail competition. I understand that means that consumers will have another round of the door-to-door salespeople trying to sell them long-term fixed hydro contracts. Is that right?

Hon Mr Duncan: My suspicion is that it won't affect small consumers. We believe it will give larger consumers, mid-sized consumers, the opportunity to participate in different plans. When you're dealing with small consumers, given the regulated nature of the price the OEB will be setting, I believe that private retailers will likely serve a market such as small businesses, those consumers who use 15,000 to 250,000 kilowatt hours per year. So I don't think you're going to see what you saw previously.

Mr Hampton: Well, what we did see previously—and I remember in particular one of your own colleagues in the Liberal Party, Mr Lalonde, pointing it out on several occasions—was how people, some of them business owners and some of them residential consumers,

were visited by the door-to-door direct marketers. He gave chapter-and-verse details of how some people had had their signatures forged, how other people had simply been lied to on the doorstep, whether it was the doorstep of their business or the doorstep of their home or their apartment building, and had essentially either been tricked into signing contracts that were grossly exploiting or had had their signatures forged or certain information extracted from them such that somebody could fill out a contract on their behalf. In fact, there were several media reports of how badly people had been taken advantage of.

Now, you may be right: We may not see much of this in terms of residential consumers. But even if we see it in terms of small business consumers, what measures are going to be put in place to ensure that people are not taken advantage of, not ripped off in the same way they were the last time the retail marketers were turned loose on the street?

Hon Mr Duncan: First of all, you're absolutely right; there were some unscrupulous operators who took advantage of people. I think even those in the energy retailing business would acknowledge that. Under Bill 100, I've empowered the Ontario Energy Board to set much stricter regulation with respect to protecting consumers from that and how organizations must function. There are specific provisions in the bill for that because there were those cases. We always said when we raised those cases that there had to be opportunity for better consumer protection.

I and most of those I have consulted with on this issue believe that you will see retailers moving into a different segment of the market. I'm not saying they're going to disappear, but you'll see a much more aggressive approach with respect to marketing aimed at small businesses, those consumers between 15,000 and 250,000 kilowatt hours a year, as opposed to the small residential consumer.

So we've enhanced the power of the OEB to regulate their practices. I believe that's an important first step, and it includes a code of conduct. But again, my own view in this, and I believe it's shared by a number of experts in the energy field, is that those retailers will be aiming at larger customers than individual residential clients. That being said, we've provided provisions in Bill 100 for that protection.

Mr Hampton: Could you specify what those provisions are and what additional protections they will give?

Hon Mr Duncan: Yes. The board is updating its code of conduct for electricity retailers and gas marketers to reflect legislative changes emanating not only from our legislation but from Bill 58, Bill 210 and Bill 23 and industry best practices for ensuring consumer protection. The board has proposed improvements to these rules governing fair marketing practices, consumer complaints, services and information to be maintained by electricity retailers and gas marketers, confidentiality of consumer information and breaches of the code. We are engaged now, both with consumers and retail organizations, in

these consultations to determine the final product, if you will, that the OEB will have in terms of better regulating these practices.

Mr Hampton: I remember when I used to ask this question of people like Chris Stockwell and Jim Wilson when they were the Conservative Ministers of Energy. Their response was, "This is the responsibility of the OEB." You seem to be saying the same thing: "This is the responsibility of the OEB." Yet at that time the OEB failed miserably.

Hon Mr Duncan: Yes, and as you know, there have been a number of legislative changes to the OEB. There has been a strengthening of the OEB by this government. Floyd Laughren, the former NDP finance minister, who was there at the time, is no longer the chair. So we believe the strengthening of the OEB that has been provided for by a number of pieces of legislation will provide for that. We agreed with you at the time that there had to be better regulation of the retailers.

1150

Mr Hampton: So your response is essentially the same as the Conservatives: This is the responsibility of the OEB and the OEB is prepared to protect consumers.

Hon Mr Duncan: No, it's very different from the previous government's. We've already made the changes that give the OEB the real power to regulate, so it's very different from the previous government's. In fact, your government's behaviour on these issues was more akin to the previous government's than this one's.

Mr Hampton: The Electricity Distributors Association estimates a one-time capital cost of between \$1 billion and \$1.4 billion to install smart meters. They anticipate that this works out to about \$300 per meter. Do you agree with the Electricity Distributors Association estimates?

Hon Mr Duncan: Can you tell me what their assumptions going into that were?

Mr Hampton: They just roughly did the math. They said based upon their surveys they thought that the one-time capital cost of installing smart meters would be between \$1 billion and \$1.4 billion.

Hon Mr Duncan: I'm not familiar with that. Did they provide any indication of savings to the system resulting from those installations, or is that just the cost? Did they include the benefits to the system associated with smart metering?

Mr Hampton: As you know, there's some debate about that.

Hon Mr Duncan: There's debate about the cost as well. Let's assume for a minute that I accept that, which I may or may not. I'd be curious to know what they said about the system benefits. Do you have that?

Mr Hampton: I can get that, but I want to—

Hon Mr Duncan: Let me tell you what the benefits—

Mr Hampton: Do you agree with their estimate?

Hon Mr Duncan: Not necessarily. It would depend on the benefits. Let me tell you what the benefits—

Mr Hampton: What do you think the estimate is?

Hon Mr Duncan: I'll tell you. First of all, it would depend on the number of meters, how they're sourced. Interestingly enough, most of the people in the industry I have spoken to, including distributors, tell me that the magnitude of an order in Ontario will be so large that the cost of the meters themselves will come down.

Second of all, again, I'm going to reference the experience in Italy. There are now also experiences being developed in China and Australia, which we're looking at very closely, that indicate that the savings to the system have been such that individual consumers don't have to pay for the meter. There have been a number of benefits that haven't been realized.

So among other things, the OEB hasn't defined what standards for these meters will be in place, so it's premature to estimate the cost. I've directed the OEB to look at the experience in other parts of the world. My hope is that we can bring in a system that doesn't ultimately cost consumers and in fact saves them money. The experience in any pilot project we've seen is that the cost benefit of this has a payback of under two years. That needs much more careful scrutiny than we've yet given it and that will certainly happen before we embark, but I hope you wouldn't be opposed to efforts to conserve.

I know you cancelled all Hydro's conservation programs in the 1990s. I know you cancelled Conawapa, which in my view was one of the worst decisions a government has made. I would hope that before you have a good look at this you do what we're doing and study what the experience has been, study what the payback is and not just try to—

Mr Hampton: The question was, do you agree with the electricity distributors' assessment or not?

Hon Mr Duncan: No.

Mr Hampton: You don't agree with it?

Hon Mr Duncan: No, and I don't believe they've researched it.

Mr Hampton: What's your assessment?

Hon Mr Duncan: My assessment is what I just said. I'm not going to answer it again. But I would hope that you won't be opposed to conservation.

Mr Hampton: Do you have a number?

Hon Mr Duncan: I've directed the OEB to look at the parameters, and we're looking at other jurisdictions to see what the costs have been. I would hope you're not going to oppose conservation yet again. I would hope you're not going to set back green power and a cleaner environment in this province, trying to protect I don't know what.

I would urge you to do what we're doing, and that is to look at it and study it.

Mr Hampton: Do you have a number? You're advocating this—

Hon Mr Duncan: I've directed the OEB—I've advocated the OEB to go out and get us the best information we can.

Mr Hampton: Assuming, since you don't have a number—

Hon Mr Duncan: May I finish answering the question, Mr Chair?

Mr Hampton: Since you don't have a number, let me ask you this question.

The Chair: It's customary for the Chair to ask the questioner if he got the answer he was looking for.

Mr Hampton: I still don't have an answer. My question was—

The Chair: Then you should let him finish if you still haven't got the answer.

Hon Mr Duncan: Thank you. It's premature—

Mr Hampton: Let me ask—

The Chair: I recognize the minister.

Mr Hampton: OK.

Hon Mr Duncan: It's premature, as I indicated to you, to determine the cost. We've directed the OEB to do that. What we know is that there have been savings, a net benefit, to every system that has implemented smart meters that we've looked at to date. We're studying it more carefully and we believe there's a benefit to moving forward.

Mr Hampton: Since you do not have a figure for what smart meters will cost—the Electricity Distributors Association assumes four million residential households. They look at \$300 per meter. In other words, \$300 per household to install the meters works out to between \$1 billion and \$1.4 billion. I guess the next question I would ask is, who will pay for those meters? Who will pay that \$1 billion to \$1.4 billion and how will it be paid?

Hon Mr Duncan: The experience in other jurisdictions is that the savings to the system have paid for it.

Mr Hampton: Who will pay for the upfront costs? It will take some time to achieve the savings.

Hon Mr Duncan: We haven't made those determinations, but whoever pays for it, there will be a saving to them over a period of time.

Mr Hampton: Do you know how long the savings will take to accrue?

Hon Mr Duncan: The experience in other jurisdictions has been about two to three years.

Mr Hampton: Can you point out what those jurisdictions are?

Hon Mr Duncan: Italy, China and Australia.

Mr Hampton: China has installed how many—

Hon Mr Duncan: China is beginning. We're still doing the research on that. The largest installation—I'd invite you to have a look at this. They were over here in the spring. I know you didn't have time to meet with them. They are installing 30 million meters, and they have now installed roughly 18 million of them. They're installing at a rate of 40,000 per day. Other jurisdictions are doing what we're doing: actively looking at these issues. The overwhelming evidence that I've seen says that not only does this save consumers money, it saves the system money. The meters wind up getting paid for by the savings that accrue to the system.

Mr Hampton: Low-income households in Ontario and even modest-income households have seen a significant increase in their hydro bills. In Ontario house-

holds, the lowest-income quintile spent about 6% of their pre-tax income on electricity in 2002—nearly five times more than households in the top quintile, who spent about 1% of their income. Now, with the increases in electricity prices that we've seen since 2002, that's gone up even more. A far greater proportion of low-income households has electric heating units as their principal heating equipment, about 25%, compared to a much smaller number for those in the highest-income quintile. Given those numbers, how do you justify a paltry \$2-million energy assistance program to help low-income Ontarians with energy costs?

Hon Mr Duncan: Low-income Ontarians have paid for artificial price caps through their taxes, so it's really disingenuous to suggest that they're saving money, because they had a price freeze. They pay for it through their taxes.

Mr Hampton: How so?

Hon Mr Duncan: The cost of the freeze was \$1.8 billion gross, for instance—\$1 billion net. They pay taxes and they pay regressive taxes; they pay sales taxes.

Mr Hampton: Are you saying—

Hon Mr Duncan: I agree with you—if I may, to answer the question, Mr Chair. I don't disagree that rising electricity prices impact on people of modest means. There's no question. We put together a program for last winter that was a start. We are looking at other jurisdictions and how they manage these issues. The best public policy, in my estimation, to ensure that low-income consumers of electricity are not unfairly hurt is more supply and less demand. The policy your government practised and the previous government practised was to increase demand and decrease supply, and that hurt poor people more than it hurt people with higher incomes. That policy, Mr Hampton, and your failure to move properly to address supply and to be upfront about the cost of a price freeze has left, in my estimation, the poorest and those of more modest incomes much more vulnerable than they were 10 years ago.

The Chair: We'll resume the balance this afternoon. It's 12:01, and this committee stands adjourned till one o'clock this afternoon.

The committee recessed from 1201 to 1308.

The Chair: The standing committee on estimates has reconvened, and we're welcoming the Minister of Energy. I move in the rotation and now recognize Mr O'Toole.

Mr O'Toole: Yes, thank you, Chair. Again, thank you, Minister, for this morning's informative exercise. Perhaps some would characterize it as less than informative, but you are here and you are giving answers to some of the questions.

I just want to follow up on about four different themes here and, again, they'll probably come across in a fairly disconnected manner. Some of them are in the interest of recognizing—one of the very early chairs of Ontario Hydro was Ross Strike, who came from my riding. I know his sons well. He's very eminently respected. He was chair of what were then the local distribution com-

panies. In fact, he was instrumental in bringing electricity to Bowmanville, the community I live in. I'd just like to put that on the record.

In fact, I've sent you a copy: The archivist for the community has compiled a pretty extensive history, because my riding is not just home to the Darlington nuclear station; it is home to many employees, of course, as well as people who work in the sector, both on the commercial side as well as in the actual generation and transmission.

More recently, I'd have to say that John Wiersma, who has just been appointed to the technical safety authority, or something like that—he was the founding chair of Veridian, chief operating officer. He's a very respectable gentleman, and I would say he's still acting in a capacity with Veridian.

Veridian is one of those local distribution companies that took the challenge to diversify and amalgamate, where possible, local distribution authorities, with some success, I think. When we froze their revenue side, which you're still dealing with, at the rates, they ended up with a bit of unsupported debt, if you will. I'm sure they even have applications for cogeneration themselves in some of their bids. I'm not privy to that information, but I'm certain they had one when we were the government.

It even goes further than that. If you look at the newest university in Canada—indeed the newest one in Ontario, which, thankfully, Minister Chambers has recognized—they are going to go ahead with the engineering faculty of that new university. It's the first degree in nuclear engineering in Canada, and maybe in North America. It's a very innovative program. In fact, with having two nuclear plants in Durham, it's going to have a lot of work-study experience or opportunities for young students in an area of expanding and emerging technologies. Besides nuclear, I think the electricity generation and transmission sector will benefit.

In fact, it was identified as part of—I think it was Minister Baird at the time. I believe there are four centres of excellence that were designated. I'm going by memory here—I believe there was Queen's, University of Toronto—my alumnus; but I didn't take engineering—Waterloo and UOIT. I'd like you, in any response to that, to make sure those centres of excellence, which are completely objective institutions that will play a great role in some of this alternative energy supply debate at an academic—and then of course those concepts can be brought on commercially with government support on the R&D side.

But I did want to put Dr Gary Polonsky's name on the record, the president of Durham College and the University of Ontario Institute of Technology, as one more example of the great footprint-of-energy enthusiasts who reside and live in Durham and have for a long time. I just happen to be privileged in my riding. The former deputy minister, Ken Knox, lives two or three concession roads north of where I live, as well as two or three former VPs of Hydro and a couple of former Deputy Ministers of Natural Resources. These people, in the broad sense,

have provided for me a very strong and well-informed policy advisory group locally. In fact, when we have public meetings on energy—I may invite you some time—it's not a lynch mob kind of thing but it's pretty intense. They're well-informed and they're well-intended as well.

I think it's a responsibility of mine to drive it even to the current debate, the discussion. As you know, we had committed, as the province, to fund—as Wayne Arthurs would know, being also from Durham—the ITER project, which was the international thermal nuclear reactor that has since kind of dissipated. It was a partnership amongst a number of players. That site, the Darlington site—I'm sure your staff know all about ITER and you probably do too—seems to have gone into oblivion. I'm not sure if that megaproject is even on the radar screen. There were three or four countries bidding. I think Spain was involved, and Japan, and potentially Russia could come back on stream because it's thermonuclear; it's basically replicating the sun on earth. It's quite an interesting concept. It was a huge experimental project and technically was going to use a lot of our own energy. Given the current circumstances of, as you said earlier, supply, supply, supply—that's the first part of the equation—it may have run into some challenges there. I don't know the status of that.

That site at Darlington was initially scoped out when I was a regional councillor in Durham before I arrived here. That site initially was supposed to have another set of reactors on it. I'm sure it went through a very extensive and exhaustive EA process. I am of the understanding, having attended a mayor's annual state of the nation, that Mayor John Mutton from Clarington did indicate there were discussions going on with the ministry about potential—this could be federal too because nuclear plants and ACB and all the rest of it are federal, I guess; they're licensed provincially but the CANDU kind of design is federal. I'd like a response on that. Is there in fact ongoing discussion with the potential of siting a new nuclear facility, a CANDU 5 or CANDU 6 or whatever or the advanced CANDU at the Darlington site?

I know it's all preliminary, but that's a very important economic consideration, given a bunch of other discussions that are going on in a very rapidly growing area. Durham region council has endorsed it, it's my understanding. The infrastructure will be under some stress if that isn't part of other things: The expansion of the dock at St Marys is an ongoing consideration of bringing in materials and other resources; the 407 expansion east is extremely important to have the infrastructure in that respect. So that is another thing where Durham is very progressive, very supportive. It is a host community today of nuclear plants. I am a resident who lives there and have, like Wayne Arthurs, sat on regional council. The energy issue is very widely supported. In fact, Wayne Arthurs—I should pay some respect—was mayor of Pickering. There was a time when the Pickering nuclear plant was a friend to no one, and the turnaround

there has been phenomenal, even though they had difficulty on the retrofit of the reactors there. Some of that is probably explainable by just plain interference. But the community itself is well-positioned to be a resource for an expanding megalopolis, what I call the city of Toronto or GTA; it's really huge. Twenty years from now it'll be one city, technically, in some respects in governance; certainly in transit, I would hope it's one organization.

I think I've said enough on the record for Durham and the centre of excellence; that should be continued, and it's there. The leading nuclear PhD people are working there. I am also privy to a couple of professors at the University of Toronto who are on an advisory committee I have set up here locally. On that advisory committee—I'd be pleased to share the list with you; I'd be pleased to have you speak with them. These are not political people. These are people who are a mixture of academic and what I'd call stakeholder groups. I find it quite helpful to be kept abreast. They comment on the regulations being posted, because Bill 100, as you know, is an empowering bill. It's mostly a regulations bill.

I need that kind of help. Like you, I live here. I'm much older than you, over 60, so I need to have safe, reliable, environmentally friendly and affordable power. I underline the affordable part, because I won't have a pension when I leave Queen's Park, unlike you, Minister; you probably will, because you're younger. I still think it's a commodity I need irrespective of price, and there's some point where my own personal interests are very much at stake here as well. That's the Durham piece.

I know that previous Energy Minister Wilson has a comment. We have an hour, so I'm going to save him at least five minutes. I wanted to talk about the LDCs, the local distribution companies. There are three or four issues I need to speak about, and it's important, as the critic, to do that. One of them is a presentation on Bill 100 from the Ontario Mining Association. The Ontario Mining Association talk to a great extent about the fact that they are price takers in the international commodities market and cost is an absolute for them. They say that in addition to the electricity rates, as well as the Kyoto accord, this will have economic implications for that very important sector, the mining sector. Avail yourself of that presentation on August 12.

The Canadian Manufacturers and Exporters, in a conjoined presentation, also presented a very extensive brief; that was on August 12 as well. This is where the tire hits the pavement on this issue or, if you will, where the smoke hits the sky. They are looking at the potential upside risk of 53% increases. These are informed, technical, competent industry leaders who are talking about the economic impact. They're saying the economic impact of these policies for the Ontario economy will mean slower growth, or a drop of about 1.4% of GDP. We know that every point in the GDP basically represents about \$1 billion in revenue; it's \$700 million, roughly, but if you take the economic costs and add those on, a lower economy means a higher social cost, so it's about

\$1 billion for every point—and lower employment, of course, 140,000 jobs. They're questioning whether this is a wise suggestion.

These industries went on to say—and I think it's important for the record; this is what this is about. This is what they call the first-quarter cost squeeze. In the overall cost of doing business, the cost of production, the selling price is about 6% of price, wage rates are about 11%, raw materials are about 22%; payroll, taxes and benefits, about 18%—that doesn't include the increased cost of liability insurance that we're seeing; electricity, surprisingly, is 32% of the cost of production—a huge issue—and industrial fuels make up a large portion, let's put it that way.

1320

This is an economic policy discussion to that group of large consumers, some of whom can migrate to other offshore, non-Kyoto components: Mexico, Brazil and others. This is very important for you to respond to, how you are going to address this. They question the ability on the coal, as do many groups. I looked a little closer at lunchtime at the conservation and supply task force. The wording in there is quite specific about the doability of the elimination of coal in the short term.

I have talked about the large consumers. Having worked for General Motors for over 30 years, not just in Ontario, I might add, I know just how important the cost of inputs is. Raw materials themselves, if you look at the total supply chain, all have the energy factor related, whether it's the supplier side or at the end, the steelmakers and all of the supply-side people. It isn't just the assembly plant operation; it has a ripple effect throughout the economy which affects jobs, people and their ability to pay for a product they can't live without. So it's an integrated economic challenge.

The last point, and this is probably the most important and more difficult to describe, is the advanced role that I would see, if I were in your position, which I hope to be in about three years—

The Chair: I can hardly wait for those estimates.

Mr O'Toole: Yes, right.

I think the EDA should be part of the solution here on the conservation culture mindset change that has to occur. I have to say that I am familiar with Shane Pospisil, who did a lot of work to try and educate consumers in advance of the market opening condition. I think there could be more work done on that education, and the LDCs or the EDA should be the natural owners of that. They have the interface with the consumer. That's certainly a much easier, already-in-place organization—I'm not sure who would get that mandate to educate the consumer in advance of any price increases—and even working in co-operation with the energy board.

Some of them today have demand management programs in place, which you mentioned, at Woodstock and—you mentioned a couple. There are two or three. I think there's one in Collingwood that's extremely good. Through a radio signal they can shut off a bunch of

demand and monitor their own demand within their own distribution area.

I don't think there's a one-size-fits-all in remote or rural parts of Ontario. We don't all work from 8 to 4. If you look at dairy farming, as an example, they are high energy consumers. These people are facing hundreds of thousands of dollars of increase in operating costs, which they have no control over technically. They have to produce the food we eat. Greenhouse growers are another good example. They're going to use a lot of energy. Most of the supply management and livestock groups, as well as the horticultural people—well, basically all of agriculture—are going to need specific mechanisms to mediate prices. At the end, the point that's been made all day is the price implication.

I would like you to define the role of the LDCs; not just the \$250,000 for conservation mechanisms. I've talked to a few of them actually. Bob Lake in Peterborough is probably one I've talked to more recently. They would want to play a role in commenting on the smart metering technology. Some have said to me that this whole end-of-line stuff, end of service, the last mile of service, whether it's in water, cable service, Internet service, can be done in urban settings in partnerships through technology. In some cases, wireless technology will be used because there is no Internet service. But certainly, where there is a wire going into the house today, there's no reason why we can't turn off and on certain things; respond to price signals; set little thermostats that say if the price goes over six cents, do these things in my house. I'd like to think the LDCs could play a huge role in that area and I'd like some commitment today.

The LDCs have gone through a fair transformation, you would recognize, down to some 180 that exist today. I think there used to be 350 of them. So there's been a fair amount of rationalization.

When you talk about regional distribution systems, what better way to do it than give some policy direction about regional functions of local distribution companies and their relationship with generating their own power, buying a purchase agreement themselves, that they become part of doing some of the price interfacing with end users?

On the Manitoba project, which I was going to follow up on, I'm going to leave that with Jim Wilson. But if you wanted to take a couple of minutes, just before I get too carried away—because we do have an hour or something—and then perhaps Jim—

Mr Wilson: I just want two minutes.

Mr O'Toole: Well—

Hon Mr Duncan: May I respond now?

Mr O'Toole: Sure, those three areas I've covered there.

Hon Mr Duncan: ITER: my understanding was the federal funding fell apart there. Ontario, under your government and our government, pledged to maintain its commitment to that. In fact, Wayne had me up there to

talk about it and we maintained our desire to maintain funding.

Darlington B: You're right; there certainly is room there for more reactors. That was part of the original plan. The same is the case at Bruce. Pickering, I'm not certain about.

Mr Jennings: Less space.

Hon Mr Duncan: Less space at Pickering. In any event, the question was, have we actively engaged in dialogue on that. The answer is no. The mayor of Clarington did come to see me to express the desire on your community's part to see new reactors on those sites. I can tell you I've had representations from a number of communities across the province that would welcome a nuclear power plant. The government has not yet taken a decision on the issue of new nuclear at this point. I'm not certain when we will be doing that. Obviously, that will be subject to a great public debate, if and when the government is in that position.

So, yes, there is room at Darlington. There have been no formal discussions, or informal for that matter, involving me as minister, other than I've had representations made to me by the mayor of Clarington, who you mentioned, and a number of mayors from other communities in Ontario that have expressed an interest that if the government goes ahead with nuclear power, either more nuclear power or replacing our existing fleet, they expressed an interest in having that. Our answer has been, we're not discussing those issues right now.

We have proceeded with the refurbishment of Pickering A, unit 1, as you know. Depending on the success, or lack of success, of bringing that project in on time and on budget, we'll determine whether we proceed with Pickering A, units 2 and 3. You know the history around Pickering A, unit 4. I don't have to go over that ground again.

Another question you raised was about the centres of excellence. As far as I know, those are under Minister Cordiano's and Minister Chambers's spheres of influence.

One issue you raised, John, that I think is a very valid issue is the need for highly skilled workers in the electricity sector. I've had representations made to me, not only by some of the individuals you have referenced, but by others. The average age of our workforce is fairly well on in the electrical business. There is a need to train more young people. Obviously, the new university in Durham makes almost infinite sense when you contemplate the concentration of the nuclear assets in that area. But I would concur with you that there is a need to train more people. We are going to have nuclear in our future, at least until 2020, and there is a severe shortage of trained, skilled workers in that field.

1330

You raised the role of LDCs and then drifted into the government's pricing policies and the response of organizations such as the Ontario Mining Association and AMPCO. We acknowledge, obviously, that price is an important issue, not only for small consumers, but also

for larger consumers. I would caution organizations like AMPCO. Last winter they said the wholesale price would go up and in fact the wholesale price went down by 19%.

We are constantly watching the delivered price of our electricity relative to other jurisdictions and we remain very competitive. The challenge, as I indicated earlier, was that once our demand exceeded our ability to supply our needs through hydroelectric, governments of various political stripes dealt with the nuclear question, and it hasn't been an entire success. Moving forward, we have to make sure that prices remain competitive. We are considerably below California; we are considerably above Manitoba. In a sense, it wouldn't be fair to compare us to either extreme. What I look at, virtually on a weekly basis, is Michigan, Illinois, our immediate neighbours with whom we do compete very directly for jobs.

Another issue I want to address—you raised in your comments that electricity costs can approach 34% of operating costs. That is certainly the case in an industry like pulp and paper. It's certainly not the case in other industries where electricity costs can be as low as two to three percentage points. I've met with a number of organizations and industry groups, and it differs, certainly in pulp and paper. An issue of great concern to the government is the impact that electricity prices have on the pulp and paper sector and one that we need to be very cognizant of.

Again, with respect to AMPCO's position, they argued for deregulation in the mid-1990s, and now they want us to be setting prices and are coming back to ask us to set prices. Like many other organizations, they have struggled with how best to regulate the sector, how best to keep prices affordable.

What cannot happen is that you cannot expect to be paying 1993 prices in 2004 any more than you can pay 1993 prices for any other input cost in 2004. It's simply unrealistic. The fact is that somebody is paying for them, and that somebody is the taxpayer, either directly, as was the case during the price freeze, or indirectly through the reduction of revenues and profit to both OPG and Hydro One, and therefore the transfer to the government. So in my estimation, in my view, John, that's a mug's game.

With respect to local distribution companies, the last mile of service is something I think we all have to keep in mind. They do a good job. There are in fact, I believe, 94 LDCs left in the province. They have gone a long way, in my estimation, to rationalizing the services they provide. This government's preference is that that kind of rationalization will occur in a voluntary way and will lead to better management of existing resources so that we have an efficient local distribution system.

Bill 100 introduces specific changes that allow LDCs to directly engage in conservation demand-side management initiatives, for instance, load control and load management. The Ontario Energy Board has been directed to work with them on guidelines for this and is engaging them in the smart meter consultation as we speak.

I believe there is an important role for LDCs. I believe they are the front-line service provider. They bring con-

siderable expertise to the table. It's my hope that we can continue to work together with them, as we have over the course of the last year, to help bring about the kind of change that we need in the electricity sector.

I think I've responded to the several issues you raised.

Mr O'Toole: Jim wants to ask a question.

Mr Wilson: Thank you, Minister, for being here today. I'm just going to take—

The Chair: Excuse me.

Mr Wilson: I'm sorry, Mr Chair.

The Chair: If you don't want me to identify you, then you have to identify yourself. Mr Wilson, please.

Mr Wilson: Thank you for being here, Minister, and thank you, John O'Toole, for doing a great job on behalf of my party. You have a great grasp of this portfolio.

I just have a simple question, but first of all, a comment. It seems to me the more I look at this—and I've never spoken publicly since leaving the ministry, but I'll say one thing: The sooner we get to a free market, the better, especially when you see wholesale prices down. When we did open the market, after a couple of months prices did go down a little bit. They fluctuate.

It's a very difficult thing to do. I think we're on the right track; I just think it's a very difficult thing to do, given the business we're in, called politics. Certainly, there was an imperative coming from all three parties just prior to the last election that we cap prices, because consumers weren't prepared to pay the cost of power even in a free market. But I think at the end of the day, when I leave here maybe in 20 years, I hope we'll actually have a free market in this province and forget about all the studies and the nonsense.

I have one simple question which involves my riding. If you're going to expand the interconnect between Manitoba and Ontario to allow more power into the province, the last time this was tried—and I was at the meeting at 7:30 at night when George McCague, who was Chair of Management Board, capped the north-south expansion of the north-south transmission corridor. We call it the Essa transmission line. It goes right through my riding. It would be a huge expansion and a huge environmental upheaval. I can tell you that the people there aren't going to like it. They didn't even like our small proposed extension of the 427 which was to parallel the 400 in my riding. There were huge protests. Your candidate, during the last provincial election, was totally opposed to any expansion.

I would like to know whether that will be required this time. I've read somewhere, and Mr O'Toole told me, that your plan is to parallel existing transmission corridors. I can just say you're going to have a hell of a time, because the main corridor goes through my riding and local people are already touchy about the fact that it's there. They worry about radiation coming off the lines, and if you double it, which you'll have to do to get the power to the GTA, or build a new corridor somewhere else in the province—what's your comment about the Essa transmission line and its future?

Hon Mr Duncan: The corridors exist, as you know. I've toured the specific one you've talked about. It's premature at this time, especially in the context of Conawapa, to say precisely what is going to happen. Suffice to say—and you would know this, Jim, in your experience—that no matter where you do these things, there are going to be environmental challenges, there will be neighbourhood reaction, and Hydro One will have to deal with that issue when it comes about.

I did want to say in response to your opening comments as well that a number of factors buffeted your government's policy, like natural gas prices. There was an assumption built in that natural gas prices would remain stable. Politics charge all of these issues. We looked at every jurisdiction we could think of to see where in fact a market exists. The fact we discovered was that it doesn't really exist anywhere, even in those jurisdictions that claim to have a market. In fact, there's a highly regulated set of factors.

Our view is that with the hybrid model we've adopted, we can at least gain some of those benefits that have accrued. Even Mr Eves said on October 2, "I still think the principle of competition is a good one, but the competition wasn't there." A number of factors combined with the opening of the market that undermined that. My hope is that this policy will outlive this minister and this government and that the kinds of factors that gave rise to that instability will be somewhat better managed.

Mr Wilson: Thank you, Minister. I appreciate the answer. Not to cut you off, but I have to run. I'll just say one thing to add to your comments there. I think the greatest, most honest sentence I read after the market opened, and I guess after Mr Eves announced there would be a cap on prices, was when one of the largest independent producers said to one of the Toronto newspapers, "I guess we got too greedy."

There's a whole story to be written about how that market functioned. I agree with your comments; in spite of all the regulatory framework we put in place to try to make sure there wasn't gaming in that, in a short period of time there clearly was gaming in that market. So producers, not just politicians, have a lot—I haven't seen any of the media go after that side of the story at all. We get all the blame for what happened, but the fact of the matter is there's a certain amount of trust in starting up a new market, and at least one producer out there, one of the very large ones, said that perhaps they got too greedy.

1340

Hon Mr Duncan: Gaming in the market is a reality. A very astute private sector guy said to me, "You know, 19 kids at Berkeley university with a computer can game the entire North American electricity market." That's part of the challenge that any government faces with respect to regulation, with respect to how you craft the market.

Our view is that by using the so-called heritage assets—and this comes out of the conservation and supply task force—60% of those heritage assets, in addition to the other regulatory factors that are in place, gives us

enough influence that it will help to put, if not downward pressure, at least hold the upward pressure down and it will help us manage against the kind of thing you've talked about.

In any event, those are difficult questions that have been faced by virtually every jurisdiction, some with more success than others, but none with entire success, at least in my observation.

Mr Wilson: Thank you. I'll turn it back over to Mr O'Toole.

Mr O'Toole: Jim did speak to me earlier about the importance of that transmission issue, and I hear the same thing. Any time you have a grid in your riding and when you have a generation facility in your riding—obviously you've got lots of the grid that crosses your riding and it's a bit of a blemish. I don't know how else to do it. I would hope technology would have some new and better way to transmit electrons, not forgetting the fact that we all wish to have more reliable electricity. I'm sure there will be new solutions in rebuilding the grid.

I don't want to get off topic too much here. I want to go back to the large producers. I probably get a call a week about the OPG asset referred to as Wesleyville. It's amazing. When I was taking graduate courses in economics at U of T—I was a part-time student—the professor at the time was Dr David Drinkwater. He was a PhD in economics. He was the professor on this course, or the adviser, I guess. He was the chief economist for Ontario Hydro at the time. Now he's vice-president of economics or something at Hydro.

The issue back then—this was quite a few years ago—was that he was part of expanding the generation. At that time, there was a huge plan, and Wesleyville was a site that was pretty well built but never commissioned. In fact, it's probably dormant today. I don't think even the smokestack is of any value. But, Minister, I get at least a call a week and I could start directing them to you or your staff, if you wish. I've probably written you many letters on it already. I wrote previous ministers the same letter. There's something that should be made clear to the people, and this is where this transparency issue comes up. I look in their annual statements to find their asset lists and I'm always plagued with trying to find where the hell they hide this 3,500 acres that has a 401 signalled interchange on Lake Shore Road, a rail siding and is sited on Lake Ontario. That is in the future.

This is something that has been brought to my attention. I'm not passing any judgment on it. I have forwarded it to ministers and I'll forward the same package to you. I had investors who came to see me, not for approval but just to talk about it. They had done a fair amount of due diligence in terms of contract and funding and pension fund discussions etc to build a clean—it's hard to put this in context. I hope you're listening. An incinerator project is really what they have in mind. The project would be the new technology; it would be a plasma-type furnace and all this kind of stuff. They're very high-tech, using natural gas as a catalyst and these various ways of increasing temperature. They have a rail

siding connected directly to Toronto. They can create energy from waste, as they do in many parts of Europe. It's a policy in Europe. Holland, for instance, is a good place to look. When I was a regional councillor, Mr Arthurs would know, they had a very extensive review of energy from waste in Holland, the Netherlands.

Is there anything on the horizon for Wesleyville? OPG, I believe, should divest themselves of that asset. It's not part of their core business, but it gives you some kind of link. And they have a grid interconnection; the grid connection is there already.

Hon Mr Duncan: There are several questions.

Mr O'Toole: Well, it's all on Wesleyville. You're familiar with the file.

Hon Mr Duncan: Let me just, for the benefit of other members, give them a little bit of the history of the Wesleyville site, because it is quite a fascinating story, and, by the way, it's an example of why the old Ontario public monopoly failed in so many ways.

The site is 1,700 acres. It was acquired by Ontario Hydro in the late 1960s for the purpose of constructing an oil-fired electrical generating station. Construction of the station commenced in the mid-1970s, but for economic reasons was halted in 1978. No electricity generation ever took place at the site.

Improvements to the site consist of an unfinished powerhouse building with a 625-foot smokestack, a variety of industrial type buildings, six residences and a 100-year-old former schoolhouse. Since the 1970s, the site was used by Ontario Hydro for non-generation purposes, including fire training, material storage, vehicle maintenance and metal fabrication. At the present time, the primary use of the site is for fire and other training of Pickering and Darlington staff, along with storage. The fire facility is used by a number of local fire departments. There's also an ongoing biodiversity program in place.

As of April 1, 1999, ownership of Wesleyville was divided between OPG, 1,300 acres plus buildings, and Hydro One, 400 acres.

New projects involving generation or waste disposal at this site would require a full environmental review.

I did want to respond to that. The government can review how to optimize OPG's assets. Clearly that has not happened recently. We are in the process of trying to rebuild or at least set right OPG. Any reasonable proposal for utilization of the Wesleyville site must show benefits to Ontario and be subject to a full environmental review.

On the question of energy from waste or incineration, I think the member knows well that in Ontario that is not nearly as accepted a practice as you find in jurisdictions such as Denmark, Holland, other European jurisdictions. I'm not certain that politically or culturally we're there yet. There are pluses and minuses. But any proposal of that nature would have to go through a full environmental assessment. I've seen nothing formally brought forward. But the real lesson to me from Wesleyville is what can go horribly wrong in a public monopoly and how investments like this or rainforests in Costa Rica or what have

you can divert us away from the business at hand, and that is to produce reliable, affordable and adequate amounts of electricity for the people of Ontario.

Mr O'Toole: If I just might ask the clerk, how much time do we have left here?

The Clerk of the Committee (Mr Trevor Day): Twenty minutes.

Mr O'Toole: Twenty minutes? Fine. I'll go for the 20.

I would first qualify anything I say from here on as probably less than newsworthy, but I would say we need to have an understanding of the whole issue of reserve capacity. I hear different standards. The IMO just didn't have a complete mandate. I think they did a very good job in modelling and forecasting, I really do. I think they are all going to find themselves at the IESO anyway. But they didn't have the mandate to go out and contract. That's what the OPA is going to do. I don't know why you organized it the way you did.

I thought Dave Goulding, from everything I heard from him in forums, not necessarily just giving speeches, but just listening—and with some of the people I had the privilege to talk to and phone and find out more information on their forecast models, the idea of reserve capacity came up. It's a very complicated issue, when you look at the market.

1350

The point I'm trying to get to is this: Technically, reserve capacity is like a stranded asset. I'm a layperson; to me, it's stranded. If it's just going to be used for reserve, is a contractor going to be allowed to sell into the spot market? Let's say reserve capacity was 10%. That's 3,000 megawatts, but you'd need to have spinning reserve or water ahead, something, somewhere. Reserve means to me that you can switch it on, and there are only a couple of ways to do that. Coal was peaking; it could be offline until it was really needed. Water can be dammed, and now this new tunnel thing will help you deal with reservoirs. There's no other technology, outside of hydrogen, that could store off-peak load and go back to create electrons with it some time later.

But when you look at this, if we're going to say a reserve capacity for safety and reliability is going to be 10% to 20% on a system that's probably growing, like the economy, 3% to 5% in demand a year, without some real initiatives on the capitalization side for conservation—I read in your election document that you had lots of promises on helping small industry become more conservation-oriented.

I'm still going back, first of all, to get your clarification on what are the reserve capacity targets. When would we arrive at that, since it's all a supply issue, or are you just going to go to the spot market? Who's going to own that spinning reserve? Who's going to have their pension funds tied up in an asset that's not being utilized? Could you bring a little light on that issue? It's a very interesting area.

You see, if you look at the cycle in the day, if you say, I've got 15,000 megawatts that I need pretty well every

day, all the time, and I need something as high as 28,000 on a worst-case hot day—everybody's working; a full economy—you've got to be able to switch on an extra 10,000 megawatts, and a nuclear plant just doesn't switch on. It takes a week, basically, to get them up.

Hon Mr Duncan: The experts agree that a 20% reserve capacity is safe.

Mr O'Toole: Ten per cent?

Hon Mr Duncan: Twenty per cent.

Mr O'Toole: Twenty per cent. That's what I thought.

Hon Mr Duncan: We are at about 20% right now. In the summer of 2002, I believe, we went down to about 11%. In the summer of 2003, we were around 12% or 13%. We weren't at the 20% mark.

The one very simple property of electricity is that you can't store it, so you have to have extra capacity or reserve capacity. Most jurisdictions, in North America, certainly, view the 20% figure, give or take a percentage, as where you want to be, and that's where we want to continue to be.

I'm not sure I followed your question about who owns it, so I'm going to let Rick try to answer that and see if he can do a better job than I can. Suffice it to say, we need to be at or around that 20% figure.

The other interesting aspect of Ontario is that we have two peaks now. We have a winter peak and a summer peak. The challenge, John, is—I remember, one day last winter, the conveyor belts at Nanticoke froze. It took off I forget how many megawatts of power, but all of a sudden you're very close to having to import more. Of course, when you import, and you're importing at peak, you're paying the highest price. So it's a double whammy, if you will.

I'm going to turn it over to Rick on the other aspect of that to see if he can do a better job than I of answering your question.

Mr Jennings: In terms of the reserve margin and how it's used, there are about 1,500 megawatts that you have to have as operating reserve, so that hour by hour, in case there are fluctuations or a unit goes down, that has to be either on-line or very close to being on-line.

In terms of the larger amount, it isn't that it is always idle. When other plants are down for maintenance, that generation would be used. So if you looked at the system now, a plant like Lennox has the highest operating costs, so it would normally be at the very top of the stack. But if there are plants that are out, it will run. There aren't really plants that are idle all the time, and how would it get compensated?

For instance, in the RFPs we talked about—I don't want to get into the pricing structure again but basically that is, in a sense, going to support capacity being built. It may not initially run—some of it may not run as much as others—but over time, as you have demand growth, that capacity would be used more. Over time, once Bill 100—when that structure is in place, the Ontario Power Authority would be looking at all these issues and developing its integrated system plan.

Mr O'Toole: We're getting close. I'm trying to actually give you some wiggle room here. I looked at some of the performance charts from the IMO, and the coal plants were used as price setters and peakers, technically. Don't forget I'm just a citizen. I don't know anything about this except that I tend to read more of the paper.

I thought you would be cutting yourself off with an easy solution. I think people would understand that in very unusual circumstances, depending on how your grid works and where the power actually comes from, balancing all the load, some of the coal plants could be set up exactly as Rick is saying; it would be called reserve, whereas Lennox apparently, when gas prices and oil prices—it's an oil plant, isn't it? It's coal-fired.

Mr Jennings: It runs gas and oil.

Mr O'Toole: It's coal-fired. That's right. We put that in, actually—cogenerated, gas and oil. We converted it. They didn't use the gas. In fact, it was too expensive.

Mr Jennings: Depending on market prices, it can run.

Mr O'Toole: The oil price is now \$50 a barrel. It's going to become even less competitive. So you're right; that plant is what I'm referring to here as a stranded asset, technically, a real capital asset that has to be maintained. Whether it's on-line is another issue. That's where it gets into that whole technical thing of synchronization. I don't know much about it, but if that's tied to the grid and you've got generating capacity somewhere, apparently to balance the whole grid system—can you explain that to me? That's the problem with Lakeview.

Mr Jennings: Just for that plant it is, in part, because we have had returning nuclear plants at more capacity that can run more often, so it has moved up. In a year like 2002, Lennox did run much more than you would normally expect. So whether the plant will run or not depends on market conditions. Some do get mothballed over time but most of them can be in place and able to run if necessary.

Mr O'Toole: I'm not just filling time here, because I find this whole topic fascinating. Durham region passed a resolution. I sent that to you. The regional council were concerned that they were barred from bidding on the new 2,500 RFP. They were saying—

Interjection.

Mr O'Toole: Yes, there was a resolution. I'm sure Wayne is familiar with it. We were both copied on it. Had capacity basically—

Hon Mr Duncan: John, they weren't barred from bidding. They're not in the bonus zone. There's a very big difference. They're not barred from bidding.

Mr O'Toole: They're not bonused.

Hon Mr Duncan: They're not bonused; that's correct. The point you raised earlier about placement of generation on the grid is an important consideration. You can't just set up anywhere. I believe something like 40% of our installed capacity is in the Durham region. They weren't barred—I want to be clear about that—but they weren't bonused.

One of the big challenges with Nanticoke, for instance, is that when you've got 4,400 megawatts in one

spot like that, you can't just build new power somewhere else. The way the wires work—and I'm not an engineer—there has to be some balance.

I just wanted to clarify that. I think I responded in a letter to you to that effect.

1400

Mr O'Toole: Yes, you did. I did acknowledge that you did and sent it on to Roger Anderson et al.

But the point I'm kind of making is that the location of the generation is extremely important, and whether it's the Winnipeg issue or taking out of service the Nanticoke plant, how much wind installation you're going to install and where, because they have to get on the grid. There's line loss; there are inefficiencies. Even though it looks and smells and sounds really good, sometimes the wind isn't where you want it and sometimes it isn't when you want it at all.

It isn't even able to deal with peaking; it isn't able to respond to unusual demand. When you have high pressure systems, I guess it is, when there is no wind, you have the highest weather situations and the lowest capacity is wind—

Hon Mr Duncan: I don't think anyone would differ, including the wind industry and the wind energy associations. There are challenges associated with wind. However, there are opportunities associated with wind that we are not taking advantage of in Ontario. Twenty per cent of Denmark's current electricity is generated by wind. They have a national target of 25% by 2008. I believe that 14% of Germany's current installed capacity is wind. We have had the experts come in and tell us there are many wind opportunities in Ontario. We've had a number of responses.

The issues around reliability and around transmission are all being dealt with through the RFP, and eventually we will land at a number of proponents, I'm sure, who will bring forward solid and sound proposals that will allow Ontario, instead of lagging not only the world but even Canada at the moment, certainly of the large provinces—Quebec just made a big announcement the other day based on work they began some two and a half years ago in wind. There is opportunity there for us and I don't think we can afford to overlook it.

Mr O'Toole: I'm quite familiar with the recent renewable energy tariff forum held in Toronto on Ontario sustainable energy—the David Suzuki Foundation. I know Mrs Cansfield chaired part of it. Even there they talked Germany. This is code language for tax or higher cost. It's called an energy tariff. You said earlier and I fully agree: It's an economic sizing circumstance when you have low-volume capacity in manufacturing, construction, business risk, all these various costs. To get those four or five wind turbines or solar activities up, there's the cost of doing business to make them economically efficient and competitive. They call it a tariff. They basically say we're going to subsidize it in some way. Call it a tax, because it comes from general revenue, or it's on the system and I'm paying for it. Do you understand? If you're going to put it on the grid and the OEB

exercises some kind of tariff thing for high emitters, a tax on coal or something like that, that's how it's handled. I'd like you to give us a response. Do you think there should be some subsidy directly through the users to support the advancement of alternatives, renewables?

Hon Mr Duncan: What we know now is the price of a kilowatt of renewable energy. Wind, for instance, is above coal, is above gas.

Mr O'Toole: It's eight cents or more.

Hon Mr Duncan: I believe Ontarians would be prepared to have that integrated into their system. There's a cost to not having it. It's estimated in the United States that there's almost \$1 billion on the table in the renewable energy side if we can just get away from our carbon-based economy. I happen to believe that and I've seen it in action.

One of the things we hope to do in the next year or so is give consumers a choice on their bill.

Mr O'Toole: Good idea.

Hon Mr Duncan: You check off a box. If you want renewable energy, then we think that's a good idea.

Mr O'Toole: I want to see that. That's part of this marketing thing. We're just having a dialogue through the Chair, respectfully. We discussed that, saying there's three-cent water—or one cent, you said it was; I think it's more like three to four cents—and then you've got five-cent high-cost, if you really factor in debt, fuel containment, emergency and decommissioning for nuclear, all these costs. If they're actually real costs—you say it's full cost—I want to see the bill. You will still be artificially huge.

Hon Mr Duncan: Interestingly—

Mr O'Toole: If you put all this on the bill immediately or even by 2007, because after that we'll be the government, hopefully.

I really am concerned that you're not being straightforward with the people. I still think these charges—and that's what this whole discussion can be boiled down to. You haven't answered the question on price, tariffs, what I call cost of doing business, the OEB, the Ontario Power Authority. I think the electrons are five cents per kilowatt and the services are going to be almost five cents. If you say that power is going to be between—come clean, Minister. Right now is the time to do it. Seven to 10 cents is what I'm looking at.

Hon Mr Duncan: The delivered price of electricity has been there for some time now.

Mr O'Toole: I'm talking the new stuff you're going to add. They'll be higher.

Hon Mr Duncan: The delivered price has already been there and we're still competitive with our surrounding jurisdictions. It's not free.

Mr O'Toole: I agree.

Hon Mr Duncan: And it's not free if you don't try to develop alternative sources of energy. Earlier you raised the spectre of natural gas, and some estimates say we have a 60-year reserve of natural gas in North America. Again, you raised the question of nuclear. We don't know what the disposal costs are of nuclear.

Mr O'Toole: Decommissioning.

Hon Mr Duncan: And decommissioning. Interestingly, coal has gone up. I think it has almost doubled in the last 18 months.

Mr O'Toole: China.

Hon Mr Duncan: Because of demand in places like China, absolutely.

I think it would be a mistake to pursue the policies of previous governments that didn't actively try to encourage wind, biomass and other alternative sources that will help power our grid in the future. The technological improvements in wind in the last five years are astounding. In Denmark they have windmills that are producing four megawatts of power. They have the technology to do 10. We may not have the same wind opportunities as they do. The thing that's troubling is that Ontario is lagging behind everyone. In terms of percentage, the Danes can make it to 25%. They consume a lot less electricity than us. But there's no reason, in my view, why we can't attain the goals this government has set—5% by 2007, 10% by 2010—and do so in a way that keeps prices relatively low.

Mr O'Toole: A one-cent increase per kilowatt hour would cost a large producer \$2 million—just a one-cent change. I don't care if it's in the electrons or the service charges. So you've got to keep that in mind. It's an economic decision. You will be pressed to talk about price range and competitiveness. You've said two things to me today: You can't commit to the coal without resigning—that's another broken promise by any other language—and the second part is, we have no idea what the price is; after all this discussion, not one clue. I'm telling the people today—I'm going to speak right to them. Where's the camera? I think it's about seven cents. Get ready for the biggest shock in your life.

Interjection: We'll see.

The Chair: Mr Hampton, you've been patiently waiting. The floor is yours.

Mr Hampton: I have a few more questions I'd like to ask. I had the opportunity over the noon hour to get out the calculator and do some addition. Perhaps you or one of the officials can just confirm this to me. As I understand it, Darlington, with all four units operating, is capable of delivering about 3,900 megawatts of electricity.

Hon Mr Duncan: About 3,500.

Mr Hampton: About 3,500; OK. Pickering B is capable of delivering about 1,100 megawatts?

Mr Jennings: Pickering B is 2,064. There are four units at Pickering B.

Mr Hampton: Oh, I'm sorry; 2,064. OK. And Pickering A is capable of now delivering what?

Mr Jennings: It has one unit up of 515 megawatts.

Hon Mr Duncan: Unit A is under refurbishment. That's another 515 or 530?

Mr Jennings: Yes, 515.

1410

Mr Hampton: We're waiting to see how successful.

Hon Mr Duncan: We all are.

Mr Hampton: So, as I see it, about 6,000 megawatts of the so-called regulated-price electricity will come from Darlington, Pickering B and Pickering A.

Mr Jennings: Now this is baseload power, so it will produce a lot of energy.

Mr Hampton: Pardon me?

Mr Jennings: When I was talking about the 60%, I was talking about the energy generation. These will be running at 80%.

Mr Hampton: Assuming they're running at all.

Mr Jennings: So in terms of that estimate of 60%, it's based on these units being able to generate about 45 billion kilowatt hours.

Mr Hampton: Right.

Mr Jennings: So it's the energy rather than the capacity.

Mr Hampton: I get the difference.

My point is this: Given the announcements the minister has been making—I think you've held about three or four press conferences since you became minister basically announcing to the public how expensive nuclear power has become. Saying that this is a regulated price does not mean that it's a relatively lower price. In fact, what I think I've heard you say from your announcements is that the power that will come from these three stations is relatively high-priced electricity when you factor in the financing cost, the cost overruns, the on-going refurbishment. It's fairly expensive.

So, as I understand it, there are 7,000 megawatts of hydroelectric capacity. As I understand it, about 3,500 of that is Niagara and Saunders.

Mr Jennings: Approximately.

Mr Hampton: Approximately, and that 3,500 at Saunders and Niagara is regulated price. In the scale of things, looking at the cost of production, the cost of producing that power, that would be relatively low-cost.

Mr Jennings: Its operating cost, yes.

Mr Hampton: They've been around for 40 or 50 years now. I assume all the capital costs have been paid. I would hope.

Hon Mr Duncan: It's relatively inexpensive.

Mr Hampton: Yes, it's relatively inexpensive. So I hear what you're saying, that 60% of OPG's assets or 60% of the power that's delivered by OPG will be regulated price, but I think you'd agree with me that since 6,000 megawatts of that is high-priced nuclear and 3,500 megawatts of that will be relatively lower-priced hydroelectric, even the term "regulated" should not be taken as meaning that this will be lower-cost, because the lion's share of that regulated is going to come from the expensive nuclear plants. You yourself have been making announcements about how expensive it is.

Hon Mr Duncan: I don't think the term "regulated" was ever designed to say lower-price. I think it was designed to say, and what we've talked about is, stability and predictability. We believe the hydroelectric assets and the nuclear assets—I stand to be corrected, but nuclear power cost is still below natural gas. Is that accurate?

Mr Jennings: Below natural gas.

Hon Mr Duncan: Below natural gas, below renewables.

Mr Hampton: That's factoring in the cost overruns, the debt associated with the nuclear and everything?

Hon Mr Duncan: Yes.

Mr Hampton: OK. I guess this is a technical question for you. Can you actually provide for us what the all-in cost is now of the electricity being produced by the nuclear plants?

Mr Jennings: Well, I think we talk about this regulation as being developed, and there will be price information that's part of the development of this regulation. So I think when the decisions on that are made, obviously that would then be available.

Mr Hampton: But you must know that information now. I mean, you're telling me it's lower than, say, bringing on natural gas or something else. You must know that information now. What is the all-in cost of the electricity being produced at Pickering A, Pickering B and Darlington?

Mr Jennings: The regulated cost is going to include the operation and maintenance. So just as a regulator would have to assess what they would include and what they wouldn't include—I mean, the proponent would present what they have. There are fuel costs. Then there is the return on assets, so whatever the asset value of those facilities is; so there has to be a determination on capital structure and return on those assets. Those are all things that would have to be decided on before the regulation was finalized. Those are all going to be components.

Mr Hampton: You must have estimates of that now.

Mr Gillis: It's not quite as straightforward as you might think it would be, in the sense that OPG has existed as an entity for a few years and formerly as Ontario Hydro, and it has assets which are going to be regulated and it has assets which are going to be not regulated. To allocate out the costs to each plant is a complicated exercise, and everyone has to agree on proper allocations to the regulated side and to the non-regulated side. That work is currently ongoing, so for us to provide you with a detailed breakdown right now would be a little premature.

Mr Hampton: You must have some rough estimates. You did answer the question that it's still cheaper to produce electricity at the nuclear plants than it is through some of the other modes that are being considered. You must have some rough estimates; otherwise, you wouldn't be able to make that statement.

Mr Jennings: As was discussed, there have to be decisions around—

The Chair: Gentlemen, excuse me. To assist Hansard and television, would you please, when you're answering a question, indicate who you are? Unless Mr Hampton asks you the question directly, we'll have no record of who's answering unless we interject. Would you please identify yourself when you're responding?

Mr Jennings: Rick Jennings. As identified here, these issues are being worked through and the regulation will be available when those decisions have been made. If you had this through a regulatory process at the OEB, which would be where these will be decided down the road, it would only be at the end of the day that you would have decisions that would actually have the rate. You would have things that were submitted before, but they would be preliminary.

Mr Hampton: I'm not asking you necessarily what rate. I'm simply saying that you must know now, because you did answer the question, what the all-in costs of producing electricity at Pickering A, Pickering B and Darlington are. You must have the ongoing capital costs, you must have the ongoing finance costs, debt servicing costs, operating costs. You must know that.

Mr Jennings: One of the key components in determining the regulated price is the assigned asset value, the capital structure and the return that you assign to those assets. There are things like that for which there haven't been determination or decisions made.

Hon Mr Duncan: There is going to be a regulated price. The regulated price isn't set. That will be done by the OEB.

Mr Hampton: I understand what you're saying about regulated price, and I'll be quite interested to see that process unfold.

Hon Mr Duncan: I think a lot of people will be.

Mr Hampton: What I'm interested in, though, is that you must know now—I can't believe that you would not have some numbers telling you what the cost is of producing electricity, say, at Pickering A, what the cost is at Pickering B, what the cost is at Darlington. You must have those. Even though you do not have the new rate structure, you must have some numbers associated with cost, and I'm—

Hon Mr Duncan: We know that, relatively speaking, electricity generated from nuclear is less expensive than natural gas, more expensive than coal.

Mr Hampton: More expensive than falling water.

Hon Mr Duncan: Certainly more expensive than falling water, absolutely; less expensive than certain renewables. It is the premise of the legislation, in setting up the pricing mechanism, that those input determinant factors will help moderate price to both small and large consumers, particularly small consumers, who will be in the regulated market.

Mr Hampton: So if you know relative cost differences, can you make any numbers available to the committee telling us roughly what the cost is of generating a megawatt of power at Darlington, a megawatt of power at Pickering A and a megawatt of power at Pickering B?

1420

Hon Mr Duncan: Yes, within a range, we could.

Mr Gillis: Like I said, you have to understand that it's a huge organization and the allocations—

Mr Hampton: I would take some range right now. When can you make those figures available?

Hon Mr Duncan: We haven't made decisions on those yet. That will be part of the regulated rate. It will be part of the posted—it's pretty common knowledge, and I think it's posted what a megawatt of nuclear costs versus natural gas versus wind versus hydroelectric. The hydro-electric, the water costs, I talked about earlier this morning. The cost of production is about 7 cents. With nuclear, you get a range because there's not agreement on how you calculate the cost of disposal and eventual decommissioning.

Mr Hampton: OPG must have some figures. The Ministry of Energy must have some figures. If you say it's a range, can you make those range estimates available, along with the assumptions that lie behind them?

Hon Mr Duncan: Again, I go back to what I said a few minutes ago. You're asking us what the regulated price is going to be. We don't know that.

Mr Hampton: I think that's different. I understand that regulated price will look at something else. What I am simply asking you is, OPG must have and the Ministry of Energy must have access to what the cost of generating a megawatt of power at Pickering A is, what it is for Pickering B, what it is for Darlington. If you're saying you have price ranges, that's what you have. Fair enough. Can you make that available, along with a detail of the assumptions that lead to those price ranges?

Hon Mr Duncan: Let me undertake to see what we do in fact have available and get back to you.

Mr Hampton: OK. I asked you earlier this morning about low-income Ontarians. It is a fact that there are a number of First Nation communities in my constituency where people's electricity bills, since the increase in the price of electricity which happened in the spring, have increased substantially and a number of people have had their electricity disconnected. I'm told, just by reading, for example, from Toronto Hydro, there are similar problems in Toronto. Low-income families, low-income individuals have increasing difficulty paying their electricity bill.

Now, your government made available, as I understand it from reading the briefing note, \$2 million in one-time money to be spread across Ontario, excluding aboriginal people living on reserve, excluding people living on First Nations. It just seems to me that \$2 million, if you're talking about four million households—and we know, from the figures available from StatsCan, a great number of households are low-income—just seems absurd, in terms of meeting the problem.

Hon Mr Duncan: First of all, I acknowledge that rising energy prices do affect people of modest incomes. There's no question about that. I can't dispute that with you. We did set up a program. You raised the issue in the House, as I recall, around First Nations. There were federal programs in place at the time. On June 30 of this year, the Ministry of Community and Social Services approved a proposal to extend the provision of energy emergency assistance to First Nations on reserve by investing an additional \$50,000, to be managed as a pressure approach. The Ontario Native Welfare Administra-

tors Association determined their interest in and capacity to administer an energy emergency fund on reserve. In terms of the amount that's been put into that, I'm just checking the figures. But the number of shut-offs this year certainly did not exceed last year's. We're watching that carefully.

We are also looking at other jurisdictions with respect to how they manage these issues, because these are issues in virtually every jurisdiction, particularly jurisdictions such as ours where you have long, cold winters.

We understand the impact that price can have on consumers, especially those low-income earners or those on fixed incomes, as I said. Our objective is to provide stability and predictability so that families and other low-volume consumers can better manage their costs. But at the end of the day, this has been a problem that has bedevilled governments and I don't for a minute diminish the significance of it. It's one that we are doing our best to address.

Mr Hampton: Let me just take you up on the First Nations issue. I did some quick calculation. As I understand it, \$50,000 has been set aside for First Nations. Some 10% of that will be for administrative costs, so that's then reduced to \$45,000 that is available for energy assistance costs, hydro bill costs. In my constituency alone there are 55 First Nations. If you do a quick division, 55 into \$45,000, it works out to \$818 per First Nation. Just a quick calculation: If you have two households that get behind on their hydro bill, in my constituency alone, that \$45,000 would be exhausted in one month.

Hon Mr Duncan: Well, I don't agree with your calculations. I want to say again that we acknowledge there is a challenge for people on modest incomes and First Nations. We believe we've taken an appropriate first step. A program of this nature hasn't been around for a very long time in Ontario and we think it's the correct approach. We are looking at what other jurisdictions are doing to help address these problems. There is no evidence to suggest that the number of disconnects went up last winter, in spite of the fact that we had a winter that was comparable to the previous winter. We'll continue to watch it carefully and respond as we need to.

Mr Hampton: I don't think people were worried about last winter, because the price cap was in place. What they're worried about is what is going to happen this coming winter. In some places the weather is already cold, snow has already fallen and the temperature is already below zero Fahrenheit. I'm simply saying to you, do the division: \$50,000 set aside for energy cost assistance for aboriginal people living on reserve, but 10% of it is to go for administrative costs. Ten per cent of \$50,000 is \$5,000, so it reduces the amount that's available to help families pay their hydro bill to \$45,000. I'm simply saying, in my constituency alone there are 55 First Nations. Do the division: 55 into \$45,000 works out to \$818.20 per First Nation. I'm simply saying to you, if two households on each First Nation get into trouble

paying their hydro bill in the month of October or November, there goes the energy assistance fund.

Hon Mr Duncan: I acknowledge that there is an enormous challenge to assisting people of modest incomes to cope not only with their electricity costs but everything they must deal with, and we're doing our best. We're looking at other jurisdictions. The number of disconnects did not increase last winter, last fall—

Mr Hampton: The price cap was in place.

Hon Mr Duncan: People were predicting before the winter, about this time last year, that the number of disconnects would go up and people wouldn't be able to meet their bills. At the end of the day what we are aiming to do is to give people price stability, predictability and a better ability to manage their electricity costs. It's an enormous challenge for people of modest incomes, people on First Nations. You won't allow us to stop debating this and we certainly are not going to stop looking at ways that we can help those people who are impacted by whatever price changes happen, but I believe we've taken the important first steps to addressing this.

Mr Hampton: Since the energy assistance fund that's available to First Nations would likely be exhausted in the first month in one constituency alone—

Hon Mr Duncan: We haven't seen that.

Mr Hampton: —what more can we expect, and when will we see something additional to deal with what I suspect is going to be a very serious problem this winter?

1430

Hon Mr Duncan: We'll see what happens this winter. I should stress too that my officials just remind me that local distribution companies have been very helpful with respect to working out alternative payment arrangements for vulnerable consumers. Staff in my ministry dealt with about 100 instances of arrears last winter, and all were resolved without power being shut off. We'll continue to work closely with the LDCs this winter, the same as we did last year, and we'll continue to monitor what's going on out there.

I think the point is that we all have to be sensitive to the challenges faced by people of modest incomes as they attempt to deal with their hydro bill, whether it's high, low or in between. At the end of the day, we'll continue to monitor it. I'm sure you'll bring instances to our attention as you hear of them, and we will do our best.

We believe this program was a start. Our officials are looking at other jurisdictions to see how they handle these problems. This is a problem that is comparable in many other jurisdictions. There's no easy answer; there's no quick fix. More money won't fix it necessarily. The previous government's answer didn't work.

My colleague Sandra Pupatello, the Minister of Community and Social Services, with responsibility for the program, is continuing to look at it along with our officials. Our hope is that we can help those people facing higher bills manage them more effectively.

Mr Hampton: You would be aware of the study by Professor Steve Thomas on the Ontario's government's proposal on electricity restructuring and his comments?

Hon Mr Duncan: Yes.

Mr Hampton: Actually, what I found interesting is that he went through your proposal step by step, piece by piece. What strikes me is, he says that in the end he finds very little difference between what you are proposing for Ontario's electricity strategy and what the previous government proposed. In fact, I can quote him on page 18 of 21:

"The solution proposed by the current Ontario government has much in common with that of the previous administration, relying on a wholesale power market," more private profit-driven electricity generation, "retail competition and on private sector investment in new generating capacity."

I've heard you condemn the previous government's proposal a number of times. What's your response when someone like Professor Thomas says there's very little difference between your proposal going forward and the previous government's proposal?

Hon Mr Duncan: I disagree with him, number one. Number two, the good professor didn't interview anybody around here, didn't talk to us, didn't seek our input before he published his paper, which is fine. You can read it and draw whatever conclusions you want. It would have been helpful had he even spent some time in Ontario before doing his paper.

Let me tell you what our policies are about and what they're not about. Bill 100 is not about selling assets. We have been clear that we are not selling off our public assets the way the previous government did.

NAFTA has been in place and applied to the Ontario electricity sector as well as other parts of the economy since 1994. The previous government restructured the Ontario electricity sector through the Energy Competition Act in 1998 and fully opened up the Ontario electricity market to competition in May 2002. US suppliers and customers have had full access to the Ontario market since that time.

The private sector has had an increasing role in supplying new generation capacity in Ontario since the early 1990s. Indeed, Mr Hampton, it was under your government that they first really came in.

Bill 100 would not expand the scope of the competitive market. In fact, under Bill 100, a large portion of the electricity supply will receive a regulated price rather than the wholesale market price. Small consumers will benefit from a regulated price plan which smooths prices over the course of the year rather than following the daily fluctuations of the market price. Bill 100 would not expand the role of the private sector in terms of existing supply. In fact, we will end the previous government's requirement that OPG sell off much of its generation capacity. Bill 100 will, however, provide a clearer, more certain framework for investors to build new supply as it is needed. We believe it is very different. The professor's report was interesting. I listened

to him present it in Windsor at committee hearings and I disagree with him from top to bottom.

Mr Hampton: Just some follow-up questions, then. You are saying that Ontario Power Generation will sell off none of its existing assets?

Hon Mr Duncan: None of its existing assets.

Mr Hampton: You are also indicating that new supply will be by private sector, profit-driven operators.

Hon Mr Duncan: Not necessarily. For instance, if we do a deal on Conawapa, that will be Manitoba Hydro in co-operation with Ontario—

Mr Hampton: Excluding Conawapa.

Hon Mr Duncan: There may be other hydroelectric opportunities in the north. We may want OPG—for the moment, OPG is not involved in the RFP process. We're not excluding them down the road from being involved.

Mr Hampton: You're not excluding them down the road?

Hon Mr Duncan: No. We've never said that.

Mr Hampton: As I understand it, though, they're not excluded, but there is a directive to their board of directors that they can't bid. Is that a fair assessment?

Hon Mr Duncan: On this particular RFP, I think it's fair to say that, first of all, even if we wanted them to, because of the mess the company has been in, they were in no position to do it. We've got to get that corporation back on a solid, firm footing. The new chair, Jake Epp, and his board are doing that in consultation with us.

One of the potential proponents is Portlands, which OPG is in partnership with. That was an existing project before on this RFP. So we've certainly not said down the road that OPG and/or successors wouldn't be involved in the production of new supply, but on this particular RFP, they're not. We have to balance a variety of interests in making those decisions; future governments will. If we believe or a future government believes that there is additional opportunity—Conawapa is 1,500 megawatts. That's a significant investment. That will be provided by Manitoba Hydro. We'll see what happens going forward. What we're saying is that a portion of the market will be delivered by the private sector. We think it's appropriate. We do not think it prejudices consumers either small or large. In fact, we think they'll benefit from it.

Mr Hampton: Professor Thomas makes the prediction that, at least in the early years, much of the new generation will be natural-gas-fired. Since the responses to the requests for proposals are in, you must now have a sense of the cost per kilowatt hour of those natural gas proposals. Can you share that with us?

Hon Mr Duncan: I do not have that. We have their expressions of interest now. As you know, we engaged an outside firm to conduct that process. They are in the process of assessing the bids with the various proponents. Rick, did you want to give him a little bit more on that?

Mr Jennings: The deadline for the submission of firm proposals is November 22. What we have had to date are expressions of interest.

Mr Hampton: What do those expressions of interest show?

Mr Jennings: Well, they're non-binding—

Mr Hampton: I understand that, but somebody must have presented you with ballpark figures. Somebody would not send in an expression of interest without saying, "We anticipate costs would be in this range." If they did, that would really be bizarre, I think.

Mr Jennings: But for that to be a fair process, we're obviously not—the submission of those and the price are all—

Mr Hampton: You must have some sense of the range now.

Hon Mr Duncan: At this point, we don't. Certainly I don't. We've engaged a firm to take us through that. They will winnow down this particular—it will go from the SOQ to the formal proposals in November. They will then assess and they'll present recommendations one way or the other. We may not go with any of them.

1440

Mr Hampton: Let me get this straight. I've asked you what the cost of producing electricity at Darlington, Pickering A and Pickering B is, and I'm prepared to accept ranges, and you say you're not sure about that. You're one year into your mandate now and you're the one who says we face a very tight supply situation, and you're saying to me you don't have a sense of what the expressions of interest are saying in terms of the cost of new natural gas?

Hon Mr Duncan: I'm not involved in the analysis of those proposals. What I can tell you is that there is a total of 60,000 megawatts presented. What I can tell you is some of those megawatts are demand-response initiatives, demand-management initiatives. What I can tell you is that there are natural gas initiatives. Interestingly enough, I can tell you there are wind proposals under the big one. The other day, some of the organizations were complaining about the size of the paperwork associated with these.

So, no, I can't give you an accurate figure. We can, once they're through the process and you have a chance. One of the challenges with this whole process is making sure that we're comparing apples to apples, that whatever proponents are successful, it will be based on a fair and open process, which we believe is there.

I'd invite you to go and have a look at the Web site. I'm sure you have already; I know you take these matters very seriously. As the process moves forward and as decisions are taken, clearly the price that's being bid in will become clearer.

Mr Gillis: May I just make a comment here? We've employed a fairness commissioner here and we have taken direction from the fairness commissioner that we're actually not to talk in public about the RFP process, since there is a huge economic implication potentially of our communicating something that we're not supposed to do. I'm happy to have you speak to him in the future so you can understand the actual restrictions that we're under.

Mr Hampton: I'm not asking you to disclose specific bids. I'm not even asking you to disclose, say, a group of natural gas bids. What I find astounding is that you've

got the minister and three of the most senior officials in the Ministry of Energy in a province where you've said repeatedly in your press releases that we're really in a difficult supply situation, and you can't tell the committee what the range of prices will be for proposed natural gas. Are they generally saying eight cents, nine cents, 10 cents, 11 cents a kilowatt hour? I just find this astounding. When the Conservatives used to give us these answers, we said to them, "Where's the accountability?"

Hon Mr Duncan: My officials tell me that at this point they've only indicated what their project is; they haven't even firming up their bids at this level of the process. That'll come about as of the end of November. What I can tell you is that it appears as though there will be a number of firms competing. They'll likely have to sharpen their pencils and make sure they bring in lower prices for Ontario consumers, at least relative to their competition. What that will wind up at, we don't know. We're not privy to the information at this point in the RFP. On the larger RFP, they haven't even been required to submit prices yet; they've just outlined, as I understand it, the broad parameters of their proposal. We expect that will be winnowed down to a smaller number, as happened with the RFP, and at that point in time those detailed discussions around price will be undertaken by the consultant without any involvement from us at that point until the process is done.

Mr Hampton: I want to get this straight. I've heard you on the radio, I've seen you on television, I've seen your words quoted in print boasting that you have all this interest. You have all that interest, yet you don't know even within a range the critical question of what the price will be.

Hon Mr Duncan: They haven't at this point, Howard, been required to put that on the table with the consultant who's conducting this. On the renewable RFP, they're down to the next stage. They've gone from 4,000 that were bid in to about 1,000, which is just about three times what we thought. Again, I'm not privy to what's in those proposals. They're being assessed. It's not like putting out a tender for pavement of the parking lot; it's complex. Particularly in this RFP, what makes it particularly challenging is that for the first time in history, we're putting demand-side initiatives on an equal footing with new supply.

Once the process is finalized, the price will be very clear, just as once the Ontario Energy Board is mandated and Bill 100 is passed, the regulated price will be very clear, very transparent and subject to public processes, and this government or any future government will have to be accountable for the price of electricity.

Mr Hampton: I find this incredible. You've been saying since day one that this is a really critical issue, that we have to get moving, and here you are one year later, as Minister of Energy, and you can't answer the question, "What is the price range for new natural gas?" I find that astounding.

I want to ask a couple of other questions that Mr Thomas points out in his analysis. One of the points he

makes is that a couple of years ago, in the request for proposals of new electricity generation by the private sector—a couple of years ago, you probably would have had even a number of American companies prepared to bid, but as he points out in his analysis, electricity deregulation has not gone that well in the United States. Enron has been a bit of a headline grabber around the world. A couple of other private electricity providers in the United States have gone bankrupt or are in serious financial trouble. This has caused the financing agencies—the banks in the United States, not to mention a few Canadian banks like the CIBC and Toronto-Dominion—to be very careful about advancing money to private electricity generators.

In his analysis, he says that this has become a very narrow market now. There are very few companies that are prepared to take on the risks. There are even fewer financial institutions that are prepared to take on the risks. He says what that means is that any proposal for private generation is likely going to have to carry very significant financing costs. Do you disagree with that?

Hon Mr Duncan: I'm going to refer that to my deputy. I don't agree with it in its entirety. Some of the background you provided is well known and well understood, but I'm going to turn it over to my deputy to respond in greater detail.

Mr Gillis: Just to clarify, I'll repeat the question. You're saying that, within the context of what's happened in the North American generation—

Mr Hampton: He says not just North American. He said to look at Great Britain as well. Government had to step in there and subsidize British power. A couple of other companies have gone bankrupt or close to bankrupt. He says this is almost a worldwide phenomenon in terms of private electricity generation.

Mr Gillis: As a result of the instability, then, you're saying financing costs will be markedly higher for these types of projects.

Mr Hampton: That's what he's predicting.

Mr Gillis: The situation, as we've designed it here in Ontario, is a little bit different than the one you're talking about, where a lot of the risks that are normally assumed by the market generators in a purely commodity market have been shared between the province and the generators. As a result, the financing costs, we expect, will be substantially less than has been the case in the US and Great Britain.

Mr Hampton: I understand that. That leads to the next question. I'm glad you've jumped in here, because I think this is where your expertise is helpful. If the risk is being shared, you must have some estimate, financially, of how much of that risk is being taken away from the private, profit-driven companies and now will be placed upon the electricity consumers of Ontario. Do you have a number for that?

1450

Mr Gillis: For how much of the risk—to actually quantify the—

Mr Hampton: You must be able to quantify it in percentage, because certainly a financial institution will quantify that. Before they lend the money to build, they will say, "We have an assessment that so much of the risk lies with the private sector company, so much of the risk lies with the Ontario Power Authority and the people of Ontario." They must apportion that risk percentage-wise and they must also break it out in terms of dollars. Have you broken it out in terms of dollars?

Mr Gillis: It doesn't actually come with a dollar figure. Risk is a notional thing that gets attached to very specific items.

Mr Hampton: Financial institutions have no trouble deciding what that is when they determine an interest rate.

Mr Gillis: I think one important risk that's being borne by the private sector that the banks deem them to be very capable of managing in this case is the construction risk and the construction cost. For example, as we know, Darlington went significantly over budget, which is one of the problems. The policy directed from the government was that that's not a risk this government would like to take. So that's been hived off and given to the private sector. From the banks' perspective, most of the project developers are quite skilled in being able to bring their projects in on time and on budget, so the banks are willing to back them up on that at a relatively reasonable rate. That's one of the risks that has gone to the private sector.

Mr Hampton: It's interesting, I just finished reading Ron Osborne's account of OPG. He thought since most of the Pickering project was going to be handled by private consortiums, everything was going to be well in hand and everything was going to very clearly and carefully handled. He found out much to his chagrin that that wasn't so.

Hon Mr Duncan: OPG, the public authority, ran that project. The one point you need to understand very clearly is that up until now, the ratepayer has borne all the risk. Frankly, Pickering A, unit 4, is probably one of the best arguments around for questioning the ability of a public authority to manage a project of that nature. That was one of the challenges we had in making the decision to go ahead with Pickering A, unit 1. Right now, in terms of risk associated with new energy development, it's borne by the ratepayer or the taxpayer entirely.

Mr Hampton: I think the sad experience in California was that, at the end of the day, this is such an essential service, the public will pick up the pieces no matter what.

Hon Mr Duncan: This model is very different from California's, and I reject absolutely the fact that you would try to compare it to that. The previous government's model was modelled on California, and that's what we've done away with. I will predict today that Ontario will be a much more stable electricity place than California has been, and it will be a result of the policies this government is pursuing to help balance the risk that's been borne by the ratepayer and taxpayer, with private

investment that can hopefully bring projects in on time and on budget.

Mr Hampton: That may all be very interesting, but it seems to me one of the things that needs to be determined here—and when I ask the questions, you all seem reluctant to answer—is that there has to be a price associated with the public providing a private sector company that is profit-driven with guarantees. Whether it's a guaranteed contract for 15 or 20 years or whether it's guaranteed to cover this cost or that cost, that has to have a price figure, a dollar figure, associated with it. Certainly the private sector financial institution will notionally say, "This is what is being covered by someone else." I guess I'm asking you, do you have a sense going forward of what will be added on to the price in order to give, whether it be TransAlta, ATCO or TransCanada, a guarantee?

Hon Mr Duncan: Right now the price to consumers is 4.7 cents and then 5.5 cents. On the wholesale market, prices have come down in the last year. I certainly didn't predict that.

Mr Hampton: It was a cool summer.

Hon Mr Duncan: Actually, it came down before the summer. If you look at it year over year, month over month—and, by the way, I'm not taking credit for that. The point I'm making—I've said this and I'll say it again—is that it's a mug's game to try to predict what prices will be in a year's time.

The valid question you raise about the regulated price—we're not there yet. That's a valid question. It will be done through the OEB. It's a very public process, with public input, and, in fact, intervenor funding to allow input into those decisions.

One thing we do know is that there is also a cost associated with a large single monopoly doing projects that it doesn't have the capability to do. There's an unfunded liability right now that still stands in testimony to that. We talked about Wesleyville as an example of what can go wrong in the other system.

I am not for a moment arguing that there are not challenges with what we're doing. I do not have the certainty to say, however, as you seem to, that one model will work perfectly when the experience everywhere has been that it doesn't. We looked at California, we looked at Texas, we looked at virtually every state in the northeast, we looked at Britain, we looked at Europe—everywhere. This model is unique to Ontario but it reflects the general trends that have happened in most other jurisdictions, at least where there are comparable circumstances.

I wish we lived in a province where our hydroelectric capacity could fuel our demand. If that were the case, as it was up until about 40 years ago, it would be a much simpler equation, not only for us but for any government of any political stripe. There are costs associated with buying a rainforest in Costa Rica. Whether or not that's a good investment—

Mr Hampton: It's an investment that never happened.

Hon Mr Duncan: Well, you know what? It was a plan and it was supposed to benefit everyone. There's a

cost to cancelling every conservation program that the old Ontario Hydro had. We are taking what we believe to be the right set of steps to provide price stability, reliability and predictability for consumers, and to provide large and small consumers with opportunities to manage their costs. We believe the whole package—the regulated price of OPG assets, getting private sector capital involved in helping to bring on new supply, an aggressive conservation platform, coupled with a look at, and indeed significant investments in, renewables—is the best combination of policies that will give consumers the most predictable, reliable and stable prices we can.

At this point, I would suggest if you can predict a price for next year, good luck. Predicting electricity prices is notoriously difficult. You can't even get consensus estimates of what the price will be next year because of the nature of the commodity. For goodness' sake, if we have a lot of rain, it will reduce the price; if it gets colder, it will reduce the price in the summer and raise it in the winter. There are so many variables that we can't control. What we can do is move away from an ideologically driven agenda that tries to apply overly simplistic solutions to very complex issues and try to find a balance that protects the interests of small and large consumers. That's another interesting component of our whole electricity sector. Some 50% of our power is consumed by—

Mr Jennings: One to two per cent of customers.

Hon Mr Duncan: —one to two per cent of our customers. I acknowledge that the price to those customers is going to be extremely important. I think it was John O'Toole who said earlier that this is very much about economic policy and very much about economic development. I think we all know that. We have great challenges, but we believe the combination of policies we've put forward in Bill 100, what we've talked about in terms of conservation, is the right combination of policies that will provide the stability and reliability we think is essential moving forward.

The Chair: You've got about seven or eight minutes.

Mr Hampton: I guess what I'm trying to get at is this: As Professor Thomas points out—and others have pointed this out—it will cost a private sector firm borrowing from financial institutions a couple of percentage points more in terms of interest to get financial capital. If they're building a plant and the cost is \$1 billion, they'll probably pay a couple of percentage points more in interest than simply government bond financing. As Professor Thomas points out, that gets added to the electricity bill. That's a fairly hefty expense. As he also points out, a private sector supplier's goal will be a 15% profit. So when you add those figures together, the private sector provision of electricity is going to cost in the range of 20% more than the provision of electricity through public, not-for-profit means.

I'm asking you, in terms of the requests for proposal that you've put out there: Have you looked at what will be added to the cost as a result of private profit and higher interest rates being added into the calculation?

1500

Hon Mr Duncan: You also have to factor in the cost associated with a public monopoly and cost overruns and mismanagement in terms of the alternative. I reject the alternative view you support. We talked about Wesleyville earlier. Talk about Pickering A, unit 1: The cost overrun on one reactor was \$1.2 billion.

Mr Jennings: The final cost was \$1.2 billion. Originally it was \$400 million.

Hon Mr Duncan: Originally it was \$400 million, and this by a public sector company owned and operated by and for the people of Ontario. You chuckle, but that's the reality. The old Ontario Hydro was prepared to buy a rain forest in Costa Rica.

Mr Hampton: It didn't happen.

Hon Mr Duncan: But you were prepared to do it until you got caught.

Mr Hampton: It didn't happen.

Hon Mr Duncan: Then you cancelled all—all I'm suggesting to you is that you're taking a multi-dimensional argument and you're trying to make it a single-dimension argument, which is disingenuous, to be certain.

I agree with you that there are certainly risks inherent. Somebody earlier today talked about gaming the market, and we're very cognizant of that. But I'm certainly not going to put my faith in the old Ontario Hydro and the billions and billions in debt that were racked up by that organization that we are all on the hook for.

Interestingly, as you study OPG and you study the model, on the hydroelectric side it was very profitable; a very well-run organization. They do hydroelectric very well. The wheels came off with nuclear—I don't know when precisely, but it afflicted all governments. What we're trying to do is preserve the best of the public assets. The company was virtually bankrupted and there are huge requirements for capital. Where is that going to come from? Are you suggesting ratepayers?

Mr Hampton: It comes from the ratepayers in either case.

Hon Mr Duncan: So you want prices to go up. I would suggest your plan will drive prices through the roof, more so than our plan.

Mr Hampton: Look—

Hon Mr Duncan: Howard, listen. We fundamentally disagree. I've been listening very carefully to you. What will happen under your regime is that prices will go up more than any other regime. That has been the experience. If you want to go back to Pickering A, unit 1, and that kind of project management, if that's the best you can agree to, I'm not there. I'm not going to put the entire risk on the ratepayer like you just said. You just said that ratepayers should bear all the risk and therefore the higher cost: the higher cost associated with mismanagement that was present for many years. I don't think so. I'm trying to spread that risk around. You asked for a precise calculation. The only calculation I can give you is that under your model the ratepayer bears the entire risk, either as a ratepayer or as a taxpayer. That

model didn't work in very many places. The only places it has worked, that I've reviewed, is where there was enough hydroelectric capacity to meet a market's—let's say Manitoba or Quebec—entire demand. We were in that enviable position until about 40 years ago.

Mr Hampton: I think what we need to admit here is that at the end of the day, because this is an essential service, the ratepayer is always going to carry the freight. If it's a private sector company, they may go out and borrow the money. They'll have higher borrowing costs than a public, not-for-profit utility. The ratepayer will pay for that on the hydro bill.

Just yesterday someone looked at your government's private-sector-financed hospitals, looking at the difference in interest rates, and said that the difference between the government borrowing \$536 million on the bond market and a private sector firm going out and borrowing the money from financial institutions, over the repayment period, is an additional \$175 million if you go the private financing route. That gets added to the hydro bill.

Hon Mr Duncan: I want to get back to electricity. I don't want you to just skirt off that topic. The cost of mismanagement by a public utility, wholly owned, is on our books now in the form of an unfunded liability. I know we disagree firmly on this, but my view is that the costs associated with that are higher, and would be higher to the ratepayer, than the costs associated with the program we've put forward. Neither program is without risk, without challenge. Both programs, in my estimation and my view, have strengths. As I say, the hydroelectric assets have been extremely well managed.

If you haven't had a chance to go down to the foot of Adam Beck, the dam at Niagara Falls, go down and have a look up, and imagine what people must have thought 50 years ago when they were building that and the challenge and cost associated with that. On the other hand, I look at the experience with nuclear, which has been costly. Every government's been bedevilled by that.

Mr Hampton: Every private sector firm as well—British Energy. The number of nuclear—

Hon Mr Duncan: Yes. But my view is that the cost associated with a public monopoly running it, in terms of inefficiencies, is greater than the cost associated with financing charges and so on, with the model on one portion of the market we're talking about. I remind you that we're talking about a hybrid that will regulate 60% of OPG's assets. We'll keep the hydroelectric assets and nuclear assets in public hands. We believe it's the right combination. We believe it spreads the risk. We believe that, by engaging the private sector, we will be able to manage new projects in a better way than the old public monopoly could.

The Chair: Thank you very much, Minister, and thank you, Mr Hampton. I would now like to recognize Ms Di Cocco.

Ms Di Cocco: Thank you, Chair. I have learned a lot more about electricity this afternoon and this morning than I think I ever wanted to know. I have to say that the

minister certainly has a lot of stamina to sit through the number of hours of discussion. I'm glad, though, to have the opportunity to pose a couple of questions that deal with some issues.

Again, in Sarnia-Lambton we have built two cogens. Industry is looking at that approach because they're able to use the steam as well as the other generation. We have a company called TransAlta. I believe that there they built the largest cogen in Canada at this point in time. As well, Imperial Oil built a cogen.

One of the concerns I have is that in the model that had been there in the past, I think for some reason they've been alluded to as orphans in the whole system. So here we've got two generating capacities. We've got TransAlta, and I came to learn that TransAlta is now functioning, I believe, at 25% of its capacity—something like that—and Imperial Oil is not using theirs at all. So my question is, are we going to be able to resolve this at some point in time?

Hon Mr Duncan: It's a terribly complex issue. These existing generators, who made recent investments in anticipation of a fully competitive market, find themselves in the unusual position that the output cost—the electricity, the money they can get for that—is less than the input cost, which makes it uneconomic to run these facilities. That is, electricity prices are lower, in this case, than natural gas.

Since we took office we've been trying to undo the problems created by the previous government's policies that caused confusion in the investment community. It went from a fully open, deregulated market to—wham—a fully regulated market at a price below the cost of producing. That has created situations like this.

1510

It's particularly unnerving, I guess, to think that while these plants sit idle because they can't run economically, we've got our coal plants burning. It's a huge challenge but, again, one that I believe we'll be able to resolve. There are a number of these existing plants that are affected, and my hope is that over the next few months we'll be able to address these issues, but it's one of those anomalies.

Everybody last year said prices are going to go through the roof under the Liberals. Well, the price of electricity in the wholesale market is lower than the input cost right now to these folks. So therefore the plants can't be economically competitive. We're trying to find a way to right that wrong.

Ms Di Cocco: One of the challenges, of course, in this whole mix of electricity—it's such a complex sector. Until I became an MPP, I had no idea that turning my lights on at home was such a complex endeavour somewhere down the pipe. I find it sometimes troubling when we look at very simplistic arguments about dealing with it. I know there are huge complexities when it comes to bringing stability.

What I hear from some of the people who have invested—because we now have this public and private mix, which is what I think we're trying to get and which

is a different model than had been proposed before. I certainly understood the notion from the previous administration was, "We'll just privatize it all, and that's going to answer all our questions." I believe we've had no investment for the last 10 years or so.

Hon Mr Duncan: We've had a little bit, but certainly not enough. It's not fair to say "no investment."

Ms Di Cocco: But it has been a small amount.

I guess it's the stability in the policy, to provide some stability so that if there is going to be any private sector coming into the mix, they know what the rules are. I think that's the big problem that I've certainly heard from them.

Hon Mr Duncan: I think, too, Caroline, you have to focus not just on the investor, but on the consumer. For there to be a market, there have to be buyers and sellers, and the buyers, for most of us as MPPs, are our constituents. If Mrs Smith doesn't buy the policy, that's just as important to us as the big company that wants to supply some electricity.

I think that's part of what was the undoing not only of the market here in Ontario that the previous government—Mr Wilson still thinks that's the solution in spite of the failures right around the world, which I think Mr Hampton alluded to earlier in the day. In order for a policy to survive, in order for a policy to work over time, there has to be acceptance by both. It is certainly not in this government's interest that prices to our constituents—those folks who have a bungalow, whether it's in Bright's Cove or in Tecumseh, who use 1,000 kilowatts a month—go through the roof. The policy won't survive. We've got to balance all of these interests.

We've discovered that everywhere there's been an approach like the previous government's approach, it fell apart. Everywhere there were the old, big, public monopolies, the same problems were there. Different jurisdictions have tried different approaches, all with differing degrees of success. Again, success is a very subjective thing that you have to apply your best judgment against.

Predictability, stability, realizing that you have to pay the true cost of electricity—there's a cost associated. We had this discussion with Mr Hampton earlier. There's a true cost associated with a monopoly inefficiently providing a service. There's a true cost associated with a private-sector company that pays more to borrow money to finance a project. On balance, we believe that a mix, a hybrid, will serve the interests of both small and large consumers and will protect this province's economic advantage.

The final point is that we have to have a broader horizon than we've had, certainly in the last 10 years, in Ontario. We should not have cancelled the Conawapa project in the early 1990s. We should not have cancelled all demand-side initiatives in the early 1990s. We should not have gone to the market that the Conservatives brought forward in Mr Wilson's legislation. We, as Liberals, should not have voted for the price freeze; it was a mistake. We're trying to undo that and, at the same

time, protect the interests of both small and large consumers.

I think we have the right balance here. Is it perfect? No. Are they're going to be problems? Yes. Are there incongruities in the future? Yes. Are there situations that we can't anticipate? Yes. Are these things going to evolve and change? Yes, and not only here but everywhere. Having been at this a very short period of time, the one lesson I've learned is that you just have to be flexible, take a balanced approach and allow your sector to evolve and adapt, look at best practices elsewhere and try to find those that will work best in your jurisdiction.

Ms Di Cocco: Just a little bit on conservation, which I think is another component that culturally in Ontario, if not in Canada, is an attitude that we don't really have as individuals. I see that. I heard that you looked at the metering system Italy is putting in there. But I also see the attitude that is different about turning the light off whenever I do go to Europe. One of my pet peeves is going into a mall in the middle of winter with my coat and boots on, sort of dressed for the outside, and in there we're all taking our coats off because the temperature is about 72 or 73 degrees, or higher in some cases.

The changing of that attitude is probably the most difficult part because it takes literally generations, but I'm glad to see that at least we're talking about it and we're moving in that direction. How do you see that playing out over a period of time?

Hon Mr Duncan: It's interesting you raise that. You don't need to go as far as Italy. Go to Woodstock and talk to the folks at Woodstock Hydro and they will tell you that what has made their pilot—they still call it a pilot project; it has been in place since 1989. What has made it successful is that it has taught people the value of electricity. We don't value electricity in Ontario. We had the good fortune, until the early 1960s, to have bountiful amounts of relatively inexpensive hydro, because our demand could be met by hydroelectric generation, which is, as we had talked about earlier, the least expensive. Today at Niagara Falls I think they produce it at about seven tenths of a cent per kilowatt hour. It's just marvellous. I wish we had a few more opportunities, and I think we may.

That being said, what characterizes smart jurisdictions is the value they put on electricity, in conserving it. The Europeans are far ahead of us. Anybody who grew up in Britain in the post-war period will tell you about having to put a shilling in the furnace, which is not, by the way, unlike the meter program they have in Woodstock.

The Italians have a whole set of their own problems, including the fact that their reserve last year went down to zero. It's interesting, when you see their major transmission wires, they kind of hang like this, which means there is far too much electricity going through them.

Every jurisdiction has its own challenges, but we do have to change the culture. We're going to be introducing legislation later this year on conservation, from minor things to changes to the building code, changes to school curriculum. We're all of the age here that we can remem-

ber when getting rid of your waste was putting it in a Glad bag and sending it to a landfill. Back in the early 1980s, progressive environmentalists working with government changed the culture. Some communities are diverting as much as 50% of their waste now. In Windsor we have blue box, red box, green box, home composter, centralized composting. That's the same kind of cultural shift we have to have here. That will take time, and that's why we're moving on the conservation file.

Ms Di Cocco: We have some time left, so Mr McNeely wanted to ask some questions as well.

The Acting Chair (Mr Bob Delaney): You have time for one short question.

1520

Mr Phil McNeely (Ottawa-Orléans): One of the issues that has been discussed somewhat in looking at conservation is that if municipal utilities come up with a program that cuts energy use, it's to their detriment. This has been one of the criticisms of this government, that we have not come out with shared saving mechanisms that would give utilities that incentive to get out there and do what they can do very well with their monthly hydro bill, the way Enbridge Gas did in my community of Ottawa. What are the reasons we haven't gone with the shared saving mechanisms, Mr Minister?

Hon Mr Duncan: We're negotiating those now and we're looking at a whole range of options, I think it's fair to say. I find it a little amusing that anybody would be critical. We've had a lot on our plate. We did say we were going to address those issues later this year, transmission and distribution. But our view is that the local distribution company has a major role to play. You're absolutely right: There's no incentive to them. By encouraging conservation, they cut their revenue. We're working with the Electricity Distributors Association and others to find ways to make that policy work. We also freed up last year a quarter of a billion dollars, and I think you're going to see some pretty exciting proposals coming forward from a number of them in the not-too-distant future.

Finally, on the conservation side, I agree entirely that we have to engage them, and a lot of conservation is going to happen there. We've also set up the Conservation Bureau under Bill 100, with a chief conservation officer. Again, that was a recommendation of the conservation supply task force, that we in effect needed a champion. There was some debate around whether that should be a centralized versus a decentralized function, and we think we've struck the right balance there. We continue to dialogue with the distributors' association and others as we move forward on the conservation file.

The Acting Chair: Mr O'Toole?

Mr O'Toole: Thank you very much. I'm pretty much exhausting the ramble here. I have a couple of specific questions that I want to just put on the record, and you can deal with them as you wish. These, I took time to prepare.

Would the minister provide a list of stakeholders that have been consulted in drafting the regulations accom-

panying Bill 100? They're all posted, so I guess there are a lot of commenting agencies, but there are formal consultations as part of establishing the regulatory process as well.

Question number two—

Hon Mr Duncan: John, if I can just clarify, do you want meetings that I personally had or do you want meetings that either myself or my officials had?

Mr O'Toole: No, just what you would wish to declare—building a stakeholder list, really.

Hon Mr Duncan: OK.

Mr O'Toole: Second, would the minister provide clear information on the \$225-million conservation fund that has been established for local distribution companies, and explain how these funds will be used and what constitutes demand-side management programs?

Third, would the Minister of Energy provide a definition for "smart meters"—I have a research paper on that, so there's lots written on it—explain what they are, what is technically involved, and what type the minister intends to bring forward on the first tranche?

Next, would the Minister of Energy explain who will pay for the purchase and installation of new smart metering technology, and will it be mandatory as it's rolled out?

The next question is, would the Minister of Energy provide details on how much the new bureaucracy proposed in Bill 100 will cost? What will it cost to administer the new OPA, the new Conservation Bureau and the Independent Electricity System Operator, as well as the Ontario Energy Board?

Finally, would the Minister of Energy provide details on how the new administration costs of the Ontario Power Authority, the Conservation Bureau and the IESO proposed in Bill 100 will be funded? Will they be part of the electricity rate? How much will these new administration costs be for all rate classes per kilowatt? You've talked about different rate groups, regulated and non-regulated. Will consumers see these increased costs directly related to consumption? That's very important: Are they base fees, like the service charge to my house is so much a month? Whether I have it turned off at the panel, it's still so much a month to have the privilege of having power.

Would the Minister of Energy give details on how the government will encourage the development of wind energy in Ontario? Specifically, are there any renewable energy tariffs being considered?

I've mentioned all of those in some respects. So that's formal. I can give you copies of that as well if you wish.

Hon Mr Duncan: I'll undertake to respond in writing to those questions.

Mr O'Toole: I have a couple of things, Minister; I would like it on the record if possible, without interfering too much.

I have my annotated version of Bill 100 here. It's pretty hard to follow, except it can be said in a general sense that not one of the amendments that were proposed by either Howard Hampton or the Conservatives was

adopted. With some of them, I understand that; some of them I don't understand. I quite honestly think there are a couple there that exempted you from review. That's the pile of amendments I'm looking for. Just give me a second while I stumble through my own plethora of paperwork here. Actually, too much paper is a bad thing.

These are all the government regulations, all of which passed, because you carried the bill at the end of the day.

Just give me a second. I must have misplaced them, because I pulled out most of the government regulations. Some of them are a bit of housekeeping in nature, but some aren't. I think there was one here, and if you look at the bill, you will see yourself—I mentioned it earlier today. You didn't give me the right answer—that's why I got a little upset—at least as I understand it; that's the qualifier here.

It's on schedule A, section 2, and it says:

"'Alternative energy source' means a source of energy,

"(a) that is prescribed by the regulations...."

In other words, I guess an alternative energy source could be coal; it could be anything. An alternative energy source could be biomass. It could be a whole bunch of different things. It could be nuclear. It could be described in regulations, so it's important to put that section there. I thought that was a bit—

Hon Mr Duncan: Would you like me to respond as to why we didn't take your amendment?

Mr O'Toole: No. I'm not finished.

Here's a big one. This is your government motion number 11 to Bill 100, so it did carry. It says:

"I move that schedule A to the bill be amended by adding the following section:

"The minister shall establish an advisory committee to provide advice to the minister on such matters relating to electricity as the minister may specify."

We tried to establish there that all of the advisory committees—and I think there are three. The OPA has one; the conservation commission has one. I think they all do—the IESO has one. I think the energy board might have one as well.

It says:

"Appointment

"The minister shall appoint the members of the advisory committee."

There's no public oversight or review. To me, these are all political appointments, somebody who's onside or offside. That's kind of the point there.

Amendment number 18 goes the same way. It's section 13 of schedule A to the bill:

"... be struck out and the following substituted:

"The act is amended by adding the following sections:

"Subject to the bylaws of the IESO, a panel established by the board of directors may use the services of,

"(a) the IESO's employees, with the consent of the" systems operator.

Here's the point: You have appointed them. They have to have consent. So anyone who's inside the culture who

wants to say anything—I guess I'm implying here that I'd like to see some whistle-blower legislation attached. If you want to improve and strengthen this bill, integrate some whistle-blower so that people can say, "Here are some inefficiencies that could be rooted out."

We were unable to establish these arguments during the hearings. I felt that the members of the committee, in all true consideration and recognition of the time they spent sitting there, were under directions to just vote yes and no. I understand that. I may have done it once or twice myself when we were government. But it's very complicated stuff, and we've heard that admitted by Ms Di Cocco today. I think she's the only one—and Mr McNeely has spoken as well.

Recommendation 19—this is another one. These are interesting:

"The IESO shall, at least 60 days before the beginning of each fiscal year, submit its proposed expenditure and revenue requirements for the fiscal year and the fees it proposes to charge during the fiscal year to the board for review, but shall not do so until after the minister approves or is deemed to approve the ... proposed business plan ... under section 19.1."

You have complete control of the fees and basically all their operating budgets: how much they're going to get paid, how much for their lunch per diem and all the rest of it.

1530

I have concerns that all of this, as Howard has pointed out relentlessly—I've read your book, *Public Power*. Is it all about electricity? It's broader public union issues, if Sid Ryan or Leah Casselman had co-authored it.

My point here is that you're going to eventually be offloading a lot of these, but you've not told us today how you're going to put them in. We've asked very clear questions: When is it going to be? What is the price of electricity? You signed off on who is on the board, who is on the advisory boards. There's no whistle-blower protection. Now you're the one who signs off on the fees that are going to be part of their budgets—very complicated budgets too.

Another amendment here, 22/23, is a complete revision of the business plan for the IESO. This one here is, "The OPA shall establish one or more processes by which consumers, distributors, generators, transmitters and other persons who have an interest in the electricity industry may provide advice and recommendations...." These are under the authority of the minister as well.

You've centralized all of the decision-making, yet you've created this whole new bureaucracy of the OPA specifically. I see this as being another layer of government, another cost. We've not heard one iota of information about what it's going to cost, and there are new obligations.

Setting up the OPA and its creditworthiness—I've got the Dominion Bond Rating report on that, which says, yes, it's creditworthy, but at the end of the line, it says, "based on the government of Ontario's liability." In other words, the payer is the government of Ontario, not based

on that they have any creditworthiness. We tried to establish them as a—

Hon Mr Duncan: Are you suggesting the government of Ontario doesn't have any creditworthiness?

Mr O'Toole: No, no. They are not creditworthy. The OPA—

Hon Mr Duncan: I must have misunderstood.

Mr O'Toole: —is out doing the RFPs at arm's length, blah, blah, blah. You're paying the bill. The question that I've raised is, what is the cost of the RFPs? It's a simple question. What's the cost of the RFPs to do the two that you've done so far? You're going to do smart meters; you're doing all this consultation. "The OPA's recovery of its costs and payments related to procurement contracts shall be deemed to be approved by the board" and then approved by the minister. So you have full control. If this thing blows up, you've said you wouldn't resign. Didn't he say that today? I'll expect that to happen imminently. I think you're trying your best.

This is the final one I want to mention here. Section 30 of schedule A to the bill, subsection 25.19 of the Electricity Act:

"Transitional, 2005 fiscal year

"(6) Despite subsection (1), the OPA shall submit its proposed expenditure and revenue requirements for its 2005 fiscal year and the fees it proposes to charge during that fiscal year to the board for review not later than 30 days after the minister approves or is deemed to approve the OPA's proposed business plan for the 2005 fiscal year under section 25.20, but shall not do so until after the minister approves or is deemed to approve the proposed business plan."

Again, you have complete authority, complete responsibility and, as a sign-off here, I just want you to let us know: My first question today was, how much do you expect—Howard asked a lot of complicated questions. What's the real cost of power? Does that include the depreciation of capital, does it include unforeseen circumstances, does it include all these various things? Have you got a crystal ball? You're telling the people in almost every news column that people are going to pay the real cost of power. Generators are going to go, "Wow." They did it to us, actually.

Hon Mr Duncan: I'll say.

Mr O'Toole: They saw the Enron crystal ball and said, "Gee, now's the time to score." So you're going to be in the same boat. Seven or eight wouldn't be bad for you; bad for the consumers. The point I've been making all day is it's bad for the economy in the context that even the energy board—if you read the content of Bill 100, the energy board really won't be approving price and there will be no hearings. The energy board is just going to accept the RFP and the contracts the OPA signs, or we're going to have \$1 million worth of legal fees, wrangling about something the minister has signed off on. How can they approve these things without the minister intervening? The OPA, in my view, is going to have to talk to the minister; otherwise he's going to be a price-taker like the rest of the consumers of Ontario.

Yes, I want a mixed basket of generation supply, and that includes, as we did in our discussions on this as government, recognizing the important role of educating the public, employing conservation, encouraging people for any energy efficiency, working with the large consumers, the AMPCO group, and also looking at alternatives. We had initiated the phase-out of coal. We had initiated the Bruce Power project. We had initiated the assessment of all the wind sources in Ontario; the mapping is being done. A lot of the initiatives were underway, as well as the Beck project and other projects.

To act as if we did nothing—we responded to the very dimensions I'm setting up with you. We responded as elected people, and each of you, unfortunately, will have to deal with this, because when your constituents start screaming that they have to shut the ventilator off for a child because they can't afford it—as Howard's pointed out, they'll switch the power off; they're paying the bill. What process do they get to address the frail elderly and these situations in the MUSH sector and all these pressures?

This is a public policy discussion that's fried many governments, probably including the NDP. I just hope you're prepared to be forthright. Somebody said earlier that there is or isn't intervenor funding for the Ontario Energy Board. I've asked for public hearings on all rate increases. Are you prepared to do that?

The Chair: Is that a question?

Hon Mr Duncan: I made a list of questions. Can I respond to them, Mr Chair?

Mr O'Toole: I'll table the questions. They're all written.

The Chair: Did you want an answer, Mr O'Toole?

Hon Mr Duncan: I can answer. I want to take a few minutes to respond to the questions that were raised about amendments to the legislation.

First of all, we sent the bill to committee after first reading for extensive public input and consultation. The bill will likely go back to committee a second time for more public input. In the ministry, we've also had many consultations on Bill 100. So far, I and my staff have met with hundreds of stakeholder groups and organizations. Consultations have been wide-ranging and have included energy sector, environmental and consumer groups. Some 293 written and oral presentations were made to the committee. Many of the amendments put forward by the government incorporate feedback from the presentations and consultations. Most of the opposition amendments, in our view, simply tried to resurrect failed PC and NDP policies. We're taking a new and balanced approach. The old ideas didn't work then; they won't work now. We will continue to consider the ideas of the opposition as we move forward with the bill.

Mr O'Toole raised a number of specific amendments, and I'd like to respond, if I might, Mr Chair, to those specific amendments.

With respect to the Conservative amendment on subsection 2(1) of schedule A to the bill, that is, the definition of "alternative energy source" in subsection

2(1) of the Electricity Act, 1998—it's important to note those sections—the amendment that the Conservatives placed seeks to add the use of clean coal technologies to the definition of "alternative energy source" and seeks to add to the definition of "alternative energy source" sources of energy "that can be used to generate electricity through a process that is cleaner than certain other generation technologies in use in Ontario before June 1, 2004."

Our response, and our reason for rejecting that particular amendment, is that although there are emission control technologies such as selective catalytic reduction, SCR for short, to reduce nitrogen oxides, the so-called NO_x, and scrubbers to reduce sulphur dioxide, the SO₂ emissions, there are no commercially available technologies for reducing carbon dioxide, mercury and the many other toxic emissions released by the coal-fired plants that compromise the quality of our air. I do believe I responded to that earlier today.

Mr O'Toole then raised a government amendment that we put to the bill, and that had to do with section 2.1 of schedule A to the bill, which amended section 3.1 of the Electricity Act, 1998. That proposed section originally read:

"Minister's advisory committee

"3.1(1) The minister shall establish an advisory committee to provide advice to the minister on such matters relating to electricity as the minister may specify.

"Appointment

"(2) The minister shall appoint the members of the advisory committee."

1540

What this amendment did was create a single advisory committee reporting to the minister on electricity issues. Bill 100 originally called for separate advisory committees for each of the IESO and the Ontario Power Authority, reporting jointly to the minister and the board of directors. The Ontario Energy Board Act also provides for an additional advisory committee reporting to the minister and the board. In consultations on Bill 100, stakeholders pointed to the potential conflicts and second-guessing that could arise from this governance structure. We believe this amendment, which seemed to be supported by most of the stakeholders, will avoid the conflict.

The next specific amendment Mr O'Toole raised was section 30 of schedule A to the bill. That's section 25.19 of the Electricity Act, 1998. Under the bill, the Ontario Power Authority "shall submit its proposed expenditure and revenue requirements for the year and the schedule of fees it proposes to charge during the year to the board for review."

The PC amendment seeks to remove the requirement for the OPA to submit its proposed schedule of fees to charge during the year to the board. It also seeks to remove the section that states, "The OPA shall not establish, eliminate or change any fees without the approval of the board." It seemed to us, and the reason we rejected this is, the Conservatives seemed to be

arguing for less scrutiny of the Ontario Power Authority. Furthermore, they seemed to continue to reject the notion that the OPA's costs should be recovered through the rate base.

Those are the specifics, and there were several others you raised.

The Chair: Minister, if you could wrap up this answer, I do need to recognize Mr Hampton.

Hon Mr Duncan: OK. I just wanted to respond to—

The Chair: You're doing a great job. I was just hoping you could get to the conclusion of it so I could move to Mr Hampton.

Hon Mr Duncan: OK. Well, Mr O'Toole did raise a number of questions, with respect, that he put in writing, and we will endeavour to respond in writing.

The Chair: That's very much appreciated. Mr Hampton?

Mr Hampton: I have some questions. One of the briefs that were received by the Bill 100 committee was a fairly detailed brief by the Association of Major Power Consumers in Ontario. They indicated they had looked very carefully at your proposed Road Ahead for electricity policy and their prediction is a likely price increase for industrial power users of 30% by 2008, possibly as high as 53% by 2008. They said this will cause major problems for companies like them, companies which utilize a lot of electricity in the production process.

Specifically, there were three companies that came to the hearings: a steel company; a mining company, Falconbridge; and a forest industry company, Bowater. In fact, Bowater made the case that, given the 30% increase in the price of electricity for industrial users that happened under the Conservatives between 1999 and 2000, a number of forestry operations were already beginning to close down in Ontario. I know, for example, that when Abitibi closed a paper mill in Kenora and put 150-some people out of work, the price of electricity was one of the big considerations. When Weyerhaeuser closed a paper machine and shut down their sawmill in Dryden about a year ago and put 300 people out of work, the price of electricity was a major consideration. The price of natural gas is also a consideration, but the price of electricity is a big problem. The irony is that at about the same time as Bowater made this presentation, they laid off a further 50 workers in Thunder Bay. They shut down some of their operations and said, "This is very directly related to the price of electricity."

Do you agree with the AMPCO predictions in terms of price?

Hon Mr Duncan: No.

Mr Hampton: You think the price will be where? Less?

Hon Mr Duncan: Last year they predicted they would go up; they didn't. Under the Conservatives, they predicted deregulation would lead to decreased prices; it didn't. Their track record isn't stellar.

That being said, I want to acknowledge that there are serious—particularly with the pulp and paper industry. In my understanding, because I've met with Bowater and a

number of the other large pulp and paper organizations, particularly in the north, electricity costs can be anywhere between 28% and 34% of their operating costs. That presents a real challenge. It presented a real challenge when prices went up 43% under your government, and there were significant job losses.

So I don't accept what they are saying. Like I said, last year they predicted wholesale prices would go up; they went down by 19%. It may well be that prices rise. It may well be. Prices for all kinds of energy have been rising. But how much specifically, I can't make that prediction. I don't believe they are going to be as extreme as they would have us believe. I don't accept that analysis.

Again, these challenges are not unique to Ontario. Wholesale prices have been going up more in other jurisdictions. We continue to monitor competitive jurisdictions here in North America, those that we compete against for jobs.

The other point I wanted to make, and I made these points earlier, I think, in questions from Mr O'Toole, is that prices were artificially held low from 1993; there was a brief period and then the price freeze was slapped back on. Let's just see. Over the past two years, industrial customers have received \$1 billion in electricity rebates. They are also not talking, again, about the eight-year price freeze that went on between 1993 and 2001. Again, two years ago the government authorized special transitional rates that have benefited large industrial customers by over \$240 million.

So I reject the percentage increases that they project. I acknowledge that electricity is an important commodity in pricing, particularly for the pulp and paper industry. Through a number of initiatives that we are undertaking, we believe they will be able to manage the cost of electricity and continue to be competitive with surrounding jurisdictions.

Mr Hampton: One of the points that Bowater makes in the paper is that at this time, production and jobs are leaving Ontario and going to other jurisdictions. I believe the head of Tembec said earlier that Tembec in fact was looking at moving production out of Ontario to Quebec, Manitoba and British Columbia, where they have other forestry operations.

There's a particular case I want to ask you about. Cascades, which operates a paper mill in Thunder Bay, has said very clearly over the past couple of months that the price of electricity is a major pain for them; it's a major pain at the mill in Thunder Bay. They have other mills in Quebec, and I think they have other mills outside Canada. But it's my understanding that the closure of the mill in Thunder Bay, with the loss of about 600 direct jobs, is a real possibility now. Do you have any answers for Cascades, for the workers there, and for the city of Thunder Bay?

Hon Mr Duncan: First of all, I met with Cascades. In their presentation to me, they identified electricity as one of a number of factors that have influenced the cost of that operation. Among other factors was softwood lumber. The capital on the one line—as you know, it's one

line that's particularly inefficient and unproductive. There hasn't been sufficient capital reinvested in that over the years.

We have undertaken to continue to work with Cascades on the one area in which we believe we can be of some assistance, which is electricity, but there are a variety of other factors that they themselves pointed out to me—the softwood lumber dispute is one of the major ones—that have affected the competitiveness of that plant. So I acknowledge that electricity costs impact on the pulp and paper industry, but to suggest that the cost of electricity is the sole determining factor I think would not be adequately reflecting the challenges faced by that company as they were expressed to me both in meetings and in letters.

We are working with my colleagues at northern development and at economic development and trade to try to work out a way of assisting the pulp and paper industry to deal not only with the electricity issue but a variety of other issues that are impacting on their operation.

1550

The final point that needs to be made is in terms of electricity cost. Quebec will continue to be a lower-price jurisdiction than Ontario, although they face certain challenges of their own moving forward. As I said earlier today, we will not be able to compete on the price of electricity, at least in the near or mid-term, because of the great foresight and development that Quebec showed in its hydroelectric system back in the 1960s, when we were moving principally into nuclear. Perhaps, had Conawapa not been cancelled in 1992, we would have access to that power as well.

I should also say that I've been speaking with the government of Manitoba with respect to possibly purchasing electricity from Manitoba Hydro to service those companies in the northwest. Those discussions have been at the preliminary stage, but at the highest levels of government.

So we're looking at a number of options, and our hope is that we can assist in some way. But I want to be clear: Cascades was very clear when they met with me. Bowater was very clear when I toured their plant in Thunder Bay that, while electricity is one of the factors, there are a number of factors, many of which are beyond my control as energy minister and beyond the control of this government. A number of ministers have undertaken to work with these organizations to try and preserve the jobs in northwestern Ontario, and particularly Thunder Bay.

Mr Hampton: You mentioned that you're having discussions with the government of Manitoba in terms of northwestern Ontario hydro supply. Do you want to tell us what those discussions are?

Hon Mr Duncan: What I can tell you at this point is that the preliminary discussions have been about our ability to access a lower-priced hydroelectric power from Manitoba as a way of servicing northwestern Ontario. We have put them in the context of the CETI initiative.

Mr Hampton: Of the what?

Hon Mr Duncan: CETI, the clean energy transfer initiative—Conawapa—because calling it Conawapa does it a disservice. It's in that context, and our hope is that as we build the relationship with Manitoba that was cancelled in, I think, 1992 or 1993, there will be opportunities to access less expensive power for the northwest.

Mr Hampton: So you're talking about a long-term purchase agreement, or what's the nature of it?

Hon Mr Duncan: We're not at that stage yet, Howard. We've had three or four meetings now and it would be fair to say that, as we move forward on CETI, Manitoba would share some interest in helping us address the problems of ensuring competitively priced power for northwestern Ontario.

Mr Hampton: I want to actually delve into your estimates for a minute. They're basically divided into two parts, as I understand it: ministry administration and energy sector transformation. I'm puzzled: Why would you set it up as ministry administration on the one hand and energy sector transformation? As I see, part of energy sector transformation is policy and programs. Why the distinction here?

Hon Mr Duncan: I'm going to let my officials answer that question for you.

Ms Nancy Whynot: I'm the director of business and resource planning for the ministry.

Every ministry in the government's budget is set up with one vote, which is ministry administration, which we have also done. It contains the general administration of all ministries, such as the minister's office, the deputy's office and usually business, resource and financial planning, human resources and communications.

The other vote in the ministry is energy sector transformation, which includes the policy branches of the ministry.

Mr Hampton: OK. In connection with that, I'm looking at energy sector transformation, and I just want to be sure of this.

Hon Mr Duncan: What page, Howard?

Mr Hampton: Page 22: vote summary, energy sector transformation. You've got salaries and wages, 44%, is that right, at the top of page 22? So your estimates for 2004-05, and this would be the policy and programs branch of the ministry, is \$5.8 million. Am I reading it right?

Ms Whynot: That's the salary budget for the ministry, yes.

Mr Hampton: Can you tell me, if that's wages and salaries, how many full-time equivalents does that translate into for the policy and programs side, roughly? I'm not going to mark you on the test.

Ms Whynot: It's about 75 staff.

Mr Hampton: Of the 75 staff, about how many work on electricity policy and programs?

Ms Whynot: I think you—

Mr Hampton: Well, you've got natural gas, you've got some other issues over there, but how many work on electricity?

Ms Whynot: I'd probably be hard-pressed to give you the exact number, just because it's a dynamic area. I know the directors would probably be able to talk about their individual staff. I would say out of the 75, there are a few who would be admin staff, support staff to the economists etc who are there, but a large portion of those would at some point, I think, work on electricity. Granted, we might have a few who are just nuclear.

Mr Gillis: It's a very small ministry and, as you can imagine, there are quite a few things going on. We might normally allocate people to do specifically natural gas or, "You'll do specifically conservation and you'll do specifically other things." It's more or less a team environment. When we have big projects on the go, such as the RFP etc, it's all hands on deck on that, and if we had something else on the go, it would be all hands on deck on something else. So it's very difficult to actually determine how many people are allocated to any one specific area at any one time. It's a little project-based, and we tend to work on many things at many times.

Mr Hampton: You must have some folks there whose principal focus is natural gas. You must also have some folks there whose principal focus would be oil, because Ontario has some oil reserves.

Mr Gillis: Yes, we do have that. As I said, when we're really busy those people also chip in on electricity policy.

Mr Hampton: Let me refine the question: Of the 75 staff there, how many would have as their principal focus the electricity sector and dealing with electricity issues—their principal focus?

Mr Gillis: Probably the vast majority.

Mr Hampton: Is that 40, 50?

Mr Gillis: Yes, I think 40 to 50 is the approximate number.

The Chair: Mr Hampton, you have a minute left. I think the minister and the deputy would be more than pleased to furnish you with more of a detailed profile of the staff and complement to the ministry before we reconvene.

Mr Hampton: I'd like those details. What I'd also like—

The Chair: Within one minute.

Mr Hampton: It just seems to me that a lot of the work is being moved to the Ontario Energy Board, the independent market operator—or the Independent Electricity System Operator, whatever you call them now—and the Ontario Power Authority. I wonder if you could provide us with information on what will be the budget, the salary and wages there in those three bodies—the OEB, the OPA and the independent market operator—and the number of personnel working there as well. I assume that information is available.

Ms Whynot: I don't have it with me today. I can see what we can get. The energy board is no longer part of the ministry's voted appropriation.

Mr Hampton: But they are accountable to the minister, as I understand it.

Ms Whynot: We'll work with those agencies to get their current details.

Mr Hampton: OK. And you must have some projections for the Ontario Power Authority.

Hon Mr Duncan: It's very preliminary at the moment. We did not want to run the risk of being held in contempt of the Legislature by developing these things as though the bill had been passed, but we do have preliminaries.

The Chair: Thank you very much, Minister and Mr Hampton.

I wish to inform the committee that there is still at this point one hour remaining to complete the estimates for the Ministry of Energy. Beside me is David McIver, who is the researcher. I've had one request for some research information. If other members wish any of that, please let him know.

Mr Hampton: Maybe I could clear that up right now.

The Chair: It's fine.

Mr Hampton: I asked him a question, and Mr Jennings could probably correct the record in 30 seconds. When I was asking you earlier about—

The Chair: Howard, I'm sorry. He'd be more than willing to correct it for you off the record. I'm just simply saying, I'm obligated as Chair to tie things together. If there is no other business, this committee will stand adjourned, and reconvene at 3:30 or after routine proceedings on Tuesday, October 12, to complete the final hour of these estimates. This committee stands adjourned.

The committee adjourned at 1601.

CONTENTS

Wednesday 6 October 2004

| | |
|---|--------------|
| Ministry of Energy | E-143 |
| Hon Dwight Duncan, Minister of Energy | |
| Mr James Gillis, deputy minister | |
| Mr Rick Jennings, director, energy supply and competition branch | |
| Ms Nancy Whynot, director, business and resource planning, corporate services | |

STANDING COMMITTEE ON ESTIMATES

Chair / Président

Mr Cameron Jackson (Burlington PC)

Vice-Chair / Vice-Président

Mr John O'Toole (Durham PC)

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge L)

Ms Caroline Di Cocco (Sarnia-Lambton L)

Ms Andrea Horwath (Hamilton East / Hamilton-Est ND)

Mr Cameron Jackson (Burlington PC)

Mr Kuldip Kular (Bramalea-Gore-Malton-Springdale L)

Mr Phil McNeely (Ottawa-Orléans L)

Mr John Milloy (Kitchener Centre / Kitchener-Centre L)

Mr John O'Toole (Durham PC)

Mr Jim Wilson (Simcoe-Grey PC)

Substitutions / Membres remplaçants

Mr Bob Delaney (Mississauga West / Mississauga-Ouest L)

Mr Howard Hampton (Kenora-Rainy River ND)

Clerk / Greffier

Mr Trevor Day

Staff / Personnel

Mr David McIver, research officer,
Research and Information Services



E-8

E-8

ISSN 1181-6465

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Tuesday 12 October 2004

Journal des débats (Hansard)

Mardi 12 octobre 2004

Standing committee on estimates

Ministry of Energy

Ministry of Municipal Affairs
and Housing

Comité permanent des budgets des dépenses

Ministère de l'Énergie

Ministère des Affaires municipales
et du Logement

Chair: Cameron Jackson
Clerk: Trevor Day

Président : Cameron Jackson
Greffier : Trevor Day



Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATES

Tuesday 12 October 2004

COMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Mardi 12 octobre 2004

The committee met at 1602 in room 151.

MINISTRY OF ENERGY

The Chair (Mr Cameron Jackson): I'd like to call to order the standing committee on estimates. This committee has been charged with completing the estimates for the Ministry of Energy. We're pleased to welcome the minister, the Honourable Dwight Duncan.

Hansard will show that we have exactly one hour left. Therefore we will divide that into 20 minutes apiece. I'm looking to recognize the government.

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge): I appreciate the opportunity to ask the minister a question as part of your presentation on the estimates. Let me just say beforehand that during the energy estimates and the comments that have been made, this has been an opportunity for me to reflect.

We talked about Pickering along the way. It's near and dear to my heart, as the member for Pickering-Ajax-Uxbridge, when we have discussions around Pickering. We talked a little bit about the LDCs and what happened. I'm not sure how many people are familiar, but Mr O'Toole made reference to Veridian and its former CEO, now chair, of its board. Pickering, along with Ajax and Clarington, were merged when the restructuring occurred. We probably did the first non-contiguous utility merger, which people found a little bit odd: How can you merge your local utilities and have municipalities in between? Subsequently, Veridian was successful not only in acquiring additional utilities, both within Durham and in the east, but also creating an opportunity for a further merger by Belleville becoming an active partner. So it was an interesting environment, as a member of first the Pickering Hydro-Electric Commission and the Veridian board in my municipal capacity, to be instrumental, with others, in making that occur as we've seen these changes.

You probably won't know as well that within the municipality of Pickering, one of the early uses of landfill gas probably in Ontario—one of the NUGs—was Eastern Power. It used the Brock West landfill site. They've basically used up that power capacity now from the landfill gas, but interestingly enough, they've made a submission to be considered for some of the supplementary activities.

So there's a long history of a variety of things going on in my riding, particularly in my hometown, with

traditional electrical activity, the nuclear front and the restructuring.

The particular question I have, Minister, is that one of the big challenges in our conservation initiatives will be in those apartment buildings, both those already existing, whether rental or condos, or new buildings coming on stream, because there are such a number across the province of Ontario. Many of our constituents are in multi-residential apartment facilities, and the only way to drive conservation is when one can take ownership for one's own power usage. One of the ways of doing that is the introduction of submetering, in both existing stock by retrofit and submetering within new facilities, so that each apartment, as an example, will have the capacity to be metered independently and the opportunity then to monitor their usage apart from the shared common element part of it.

We have some serious challenges, as I understand it, both in new construction as it relates to the provincial and federal building codes where they're not necessarily in accord, and particularly with the retrofits that might occur and whether there will be any opportunity for us to incent folks along the way to drive that agenda, so that not only do we have smart metering going on in individual residences but we have that submetered activity, smart metering in effect, for apartment structures, both new and those in existence.

I wonder, Minister, whether you can provide some comment and enlightenment on how we're going to achieve that within the mandate you have.

Hon Dwight Duncan (Minister of Energy, Government House Leader): I can't answer your entire question today. I can tell you that right now there are a little over four million meters in Ontario. It's estimated that with a full submetering exercise we'd go to about six million meters roughly. Part of the smart metering initiative is going to be looking at that and how we move forward. We really haven't drilled down to that level of detail yet. Suffice it to say that your observation about conservation is absolutely correct, that without that kind of submetering, where individuals are responsible for their own usage and consumption, we won't achieve all of our objectives.

I guess the short answer to your question is that as part of the smart meter initiative, we estimate that when we're done there will be roughly six million meters in Ontario versus the current four million and that individuals will become responsible for their own consumption. How

that's done will rest to some extent on the nature of the technology, the suppliers we choose, the process we go through. We have not drilled down to that level of detail yet, but suffice it to say that we believe strongly that if conservation is to work, we have to have that so-called submetering. I understand many new buildings now do have that.

You're absolutely right. There will be changes needed to a number of different provincial statutes around conservation. We anticipate bringing forward a piece of legislation dealing with a range of those changes, either late this fall or early next winter, so that the Legislature can have an opportunity to debate it.

I can't answer all your questions because we haven't answered them. Suffice it to say that we're aware of the problem. We believe that submetering is important and should be part of our initiatives. We are moving in that direction, both expeditiously but prudently.

Mr Arthurs: Thank you.

Ms Caroline Di Cocco (Sarnia-Lambton): One of the issues that was always really important to me has to do with transparency. I believe OPG was removed from freedom of information a number of years ago. This is dealing with utilities as well. One of the ironies, I guess, with regard to shareholders—in our area, for instance, you have the Bluewater utility there. The city of Sarnia was one of the main shareholders and yet was not able to get information in that regard.

Bill 100 doesn't deal specifically with utilities, but is it something—I mean, I bring it to your attention because I feel it certainly is the direction for more transparency when it comes to how this public good, if you want, is being dealt with by utilities. There certainly has been a lot of turmoil and issues dealing with that. I don't know if you can enlighten the committee in that regard.

1610

Hon Mr Duncan: Actually, Bill 100 does provide for freedom of information on local distribution companies. We think that's important, both for the shareholders—and remember, the shareholder is the taxpayer in most instances. So Bill 100 provides for that and we think that's important. We think people need to understand how the affairs of the LDCs are managed in the same way we felt they had the right to know how the affairs of both OPG and Hydro One were managed.

Ms Di Cocco: Back on conservation—because conservation is about attitude as well, and providing the tools. We had a lengthy discussion, I believe last week, dealing with Woodstock and how it's an incredible example of actually buying cards, if you want to call it that. You go out there and have a sense of how much you spend. We were talking about my generation, the baby boomers; there was a sense, especially coming from humble origins, that you're a little more careful. I find that the younger generation, in their 20s and 30s—I look at my own children as an example. The lights just stay on. They pay the bill, but they're all overextended anyway. It just stays on. It drives me absolutely crazy sometimes. It's this attitudinal switch. What are we going to do?

I know that the smart meters are a good way of at least bringing some education as to when we're using the electricity. But just knowing when you're using the electricity in and of itself may or may not be an incentive. Are we looking at any other way of adding some incentive to that, so that if I put my washer on at 2 o'clock in the morning, when I can't sleep or whatever—is there an incentive to have it on then rather than putting it on at 3 o'clock in the afternoon? Is that something we're going to be looking at?

Hon Mr Duncan: Certainly. Yes, we're going to have time-of-use rates; you have to for the smart meter to work. But let me put it to you in a way that two very distinct yet interesting organizations have put it to me. Ken Quesnelle, who's the vice-president of Woodstock Hydro and the current chair of the Electrical Distributors Association, described it this way. He says we don't put value on electricity, that we've taken it for granted for too long, and we have to teach consumers that electricity is a valuable commodity. We don't value it. I mean, it's simple things like the fact that our meters are outside the house where we can't see them, and even if you go out and have a look, if you can understand it—so we have to teach consumers to value it so they can better appreciate that there's a cost associated with it. Interestingly enough, the Italian official said the same thing, that it's about value, about making consumers understand the value, and that it's about being consumer-oriented, customer-oriented. Utilities have not been. Whether it's where they put the meter or how they do their bills, there's never been a real orientation to customers and to teaching them about the value of electricity.

So we have to go through a cultural shift, in my view, one that will take a long time. It won't happen overnight. I often compare it to what we did with waste 25 years ago. Twenty years ago, we all took our garbage and put it in a bag and sent it somewhere. We didn't really appreciate it. We're at the point now where, after about 20 years of blue box programs in different parts of the province, some municipalities or jurisdictions are at around a 50% diversion rate. As you know, our government set a province-wide diversion target. We had to relearn behaviour, and it started in schools. One of the changes we're going to be making is to the curriculum in schools. Anybody who grew up in post-war Europe knows. If you talk to people who grew up in Britain, they remember putting shillings in the furnace to turn it on. The good news is that we don't have to; we're not in that kind of predicament. But we do need to learn to value electricity at its real value, to not take it for granted and understand that as a commodity it's not free. To suggest that it is or to suggest that you can somehow subsidize it or artificially lower prices really is a disservice and will leave you in the kind of pickle we find ourselves in today. So there has to be a cultural shift.

That's what I think the task force on supply and conservation was talking about when they talked about a cultural change. Part of Bill 100 incorporates that notion and also incorporates the notion of a chief conservation

offer, or I think “champion” is the term the task force report used. It is, in our view, a long process. We’ve only begun.

Last year we incented LDCs to the tune of a quarter of a billion dollars on conservation programs. I hope some of them review this Hansard. I’m a little disappointed that none of them are up and running yet. I expect them to be up and running fairly soon. That’s number one.

As you know, we have started our own government conservation program with goals of 10% by 2007. Gerry Philips, who has responsibility for that, tells me that they’re really well on the way.

Again, we don’t need dramatic change. We need modest changes. We need modest changes in our lifestyles.

The Energy Efficiency Act back in 1988 listed the first of 54 products that had to achieve certain energy efficiency targets. I don’t know if anybody has the charts, but if you don’t, we’ll share them with you. If you compare the change from 1990 to 2004, it’s really outstanding. There are now 54 products covered by that act. All three parties of all three governments have added to that product list since the act was first passed in 1988. I added the most recent five or six last winter, and we’ll be adding more. Oh, I’m told we added nine this year. Those changes come about slowly.

So smart metering, coupled with time-of-use rates—and particularly for larger consumers above the 15,000-kilowatt threshold and below 250,000, there will be opportunities for arbitrage, through retailers and others, to help them manage their bills.

I guess what we’re saying is that the best way to keep prices down is to create more supply and reduce demand. Those are the two tenets of our policy: more supply, less demand, and give people the tools to manage their bills. That, in our view, is the prudent way to go forward. There are difficult circumstances. Certainly I acknowledge that for those of modest means and those in smaller households, it’s more difficult for them, and I don’t have an easy answer for that right now. We’re looking at how everyone else does it, and everyone else has got a problem. That’s not an easy one to deal with, but it’s one that we haven’t turned our back on, and we certainly won’t.

There has to be a cultural shift. I think those are the words the task force used, and I endorse that notionally. We will be introducing a range of conservation initiatives in one piece of legislation that will hopefully both incent people to conserve but also, in the words of Mr Quesnelle and Enel in Italy, help people to appreciate the value of the commodity. It’s something that we in Ontario have taken for granted, largely because we’ve had so much of it at either an inexpensive rate or a subsidized rate, which has been a real disincentive to conserve.

The Chair: Thank you very much. I’d now like to recognize Mr O’Toole.

Mr John O’Toole (Durham): Minister, just to follow up a little on the smart metering discussion, I’m sure you’ve understood the content of the Distributor, the

special magazine the EDA has put out. Specifically, there’s a good article on smart metering. The first thing on my wish list is that I hope you will be consulting with them. They’ve said in their preamble that they’re the best, and I would support that as well, that they are the best and most immediate organization that interfaces directly with the consumer. In the article, they’ve raised a number of concerns with the implementation plan. It’s all outlined in the article in the most recent issue. Just for the Hansard record, they’re concerned about the implementation plan, the installing of the meters being one. They’ve come up with a very aggressive plan, in line with the government’s plan and based on the March 1, 2005, start date. Twenty-five thousand meters need to be installed per month over 32 months in order to fulfill the 2007 target. Further implementation will require 100,000 meters per month over 36 months till 2010. That demand, on a relatively new mechanism, is a concern to me.

They go on, and I would agree—and hopefully you will listen—that your implementation plan might be a bit aggressive, although laudable. They’re suggesting, if I read this correctly, that there be pilot implementations. Furthermore, there are several, if not more, manufacturers ready, willing and able to provide this device. It will also have profound implications for the billing software and the interface with whoever does the ultimate billing.

Most of us know that there are two types of meters, and that you’ve signalled a predisposition for what I would call interval meters. There is the time-of-use meter, a pretty simple kind of meter. Time-of-use can be just on-peak/off-peak, perhaps remote-readable. But if you’re looking at a long-term solution for all of Ontario, including all of us in opposition or government, you need to make sure you have uniform standards that have software interfaces that are easily digestible or conform with the local distribution companies.

There’s no one here, certainly on this side of the House, who thinks that’s the wrong thing, taking the different settings, whether it’s urban or rural, whether it’s easily serviced by Internet connections or would have to be a radio frequency type of connection of some sort. But it’s also the rating of the meters.

You talked about the single bag of garbage and the reduction of waste. I see great opportunities for efficiency within the LDCs to implement wise policy. In fact, it’s in need of real leadership at the moment. The ultimate question is who’s going to pay for them. If you look at the users—I said this earlier, but I’m more or less trying to build the predictable position that we come from on this particular part of the file. We agree with smart metering. We agree with consumer or customer choice. We believe in implementing most of the efficiencies, like remote reading of meters as opposed to someone driving a \$50,000 truck around reading meters. What’s that about in today’s curbside delivery? A lot of service providers out there are talking about “last mile” delivery of service, on everything from Internet to other remote services. People in vacation properties want to turn their furnaces

and hot water heaters on and off from Toronto, to just log on and do it.

That's where you've got to be looking ahead in the technology that's available. It may not be available in the first tranche. If you go with the low-fruit scenario, that is, work with the large consumers who consume 60% of the electrons, who want a demand-response kind of agreement with the government, and then slowly move out—all I'm saying is that I think your deadline of 2007 for implementation is a bit risky, from both the investment perspective as well as the long-range adequacy of what we put in place.

I really want to ask a question. Ultimately, the customer's going to have to pay for this. How much are you expecting a meter to cost, and who will pay for it?

Hon Mr Duncan: First of all, let me say that I welcome the input of the EDA, as long as they're playing ball and want to install these things. There's a difference between talking the talk and walking the walk. If they slow things down too much, we'll just have to proceed. With respect, the Italians are installing 40,000 a day—a day. They're the leaders in the world. They're present in China and Australia.

We're doing our research on all these things. We're going to have to create a process for selection of meter, the precise technologies, who the suppliers will be, all those kinds of questions. Frankly, we have not drilled down to that level of detail yet.

The interesting thing about the experiments we've looked at is that the savings to the system associated with the meters have been so great that the consumer has not had to pay for them. Can we replicate that here? I don't know the answer to that. Right now, the cost of a meter can be anywhere from C\$300 to C\$600, depending on the technology and depending on its installation. But that's under assumptions that don't project a market as big as Ontario, with four million to six million meters, which people in the industry now are telling us will reduce the cost dramatically. The payback in other jurisdictions has been two to four years. So there's a net positive to the consumer over time.

In any event, those questions are important. They're not fully answered yet because we haven't begun to embark on the program itself.

The government's objective is to empower people. Most of those large consumers you've spoken about, John, already have smart meters. In fact, I'd be surprised if any of them don't at this point, because they are a cost benefit. The real challenge in dealing with this is going to be those folks who are of modest means.

As I say, very preliminary research indicates that the experience has been that the installations of these meters—they wind up paying for themselves through savings to the system. It's our hope, obviously, that that could come to pass.

As we proceed with this initiative, obviously we will keep people informed of the costs and so on and what our objectives are. There will be an implementation strategy as well—to put it in your terms, to get the low-hanging fruit first.

I welcome the input and comment from those who provide service, but they've got to work with us. But the goal is not to slow it down, it's to speed it up, because we've been dragging our feet for too long.

Somebody compared the meters we use—I mean, the technology is about 100 years old and hasn't improved in that time frame. Just think of your own meter at home on the outside wall. Somebody said to me, "It would be like driving a Model A."

Again, in terms of valuing a commodity and putting value on electricity—you know, it's estimates. You use something and get billed for it two months later. It's imprecise. Imagine if you went to the gas station to fill up your car and got an estimate for how much gas you put in it and didn't pay for it until two months later, whether you used it or not.

Obviously, the old technology isn't sufficient. We want to move off it to help us manage the system better and, again, to empower consumers to better manage their costs.

The old paradigm was to keep prices artificially low and hide the costs in the provincial books. We're all paying for that. The new paradigm—

Mr O'Toole: Well—

Hon Mr Duncan: I listened very attentively, and I wish to respond to every point you raised.

The new paradigm is more supply, decreased demand, lower price, and give consumers the tools to manage their consumption better.

You're right. There's a range of technologies. I don't know if you had a chance to attend, but we put on a little show here in the Legislature, in committee room—

The Chair: Minister, excuse me. You have answered the question that he put directly to you. He has several other questions. Unless you'd like a whole series of questions tabled before the end of today, I would like to resolve this. Let the member ask his couple of questions, please.

1630

Mr O'Toole: I appreciate that, Chair.

I don't disagree, and I think I've made it very clear that we recognize that that was then, that was the way the old Ontario Hydro allowed things to be somewhat less transparent, for whatever reason, under government direction or whatever. But the smart meter—we're not opposed to that; we're just opposed to going in with such an aggressive plan so quickly without your being able to answer one question about who's paying or the risk analysis. You haven't tabled any of that. Who's done that analysis? I've heard a lot of positive things. I've read—

Hon Mr Duncan: I wonder if I might—

Mr O'Toole: Well, I'm just making a response.

The Chair: Let him finish.

Mr O'Toole: My other question: Have you had meetings with Ken Quesnelle and the EDA? That is a specific question. And what is their role as you roll this program out?

Hon Mr Duncan: Yes, we have had meetings with them. I meet with the EDA quarterly, sometimes month-

ly. I've been to Ken Quesnelle's workplace in Woodstock. They're very excited. One of the challenges you have with the EDA, John, and you may not be aware of this, is that they don't all get along among themselves so it's kind of a moving target.

You presuppose that we've made decisions on these smart meters without involving anyone, sort of the way things were done under your government on the OPG when there was no freedom of information. Let me tell you, before one meter gets installed, before one decision is made—and you may not have had a chance; this is what I was trying to answer before. We had a little demonstration down in committee room 1, I think it was, where we invited in all the meter manufacturers that we were aware of in North America to demonstrate their product, both for members and for the media so they could at least put their fingers on something and see what it looked like and felt like.

There are umpteen technologies out there. As I indicated, and I will stress again, we have not begun to evaluate the options. That function will fall likely to the OEB, who have an extensive public consultation forum. In fact, there's also intervenor funding, if I'm not mistaken, in some instances. So there will be a lot of opportunity for that.

It is an aggressive agenda. I agree with you, John. But you know what? We think an aggressive agenda is needed. We think it's important. As I say, an important part of our entire policy is to give consumers the tools they need to manage their consumption better, as opposed to an artificial price cap, which drains the treasury and really serves no long-term purpose.

The experience wherever these things have been has been positive, overwhelmingly positive. In fact, one of the side benefits they found in Italy, for instance, is that they can snoop out marijuana grow ops very quickly because of the precise nature of the measurements associated with these things. They can pinpoint line loss very quickly. This is where the savings have come from that are in effect paying for the meters.

Absolutely, people have a lot of opportunity to input into the decisions with respect to the choice of meters. I welcome the points of view and comments of the EDA. Like I say, I do have to meet with some of their individual members as well because they don't all agree. But we believe this is the right course of action. We think it'll benefit the consumer, we think it'll benefit the system overall, and we think it will benefit the province.

Mr O'Toole: How much time left?

The Chair: You have about seven minutes.

Mr O'Toole: Very good.

I want to switch a little more to the specifics and the mechanics around Bill 100. I believe that some of the participants are somewhat concerned that there's an attempt to get this bill, a rather complicated bill in that a lot of the articulation of the bill is going to happen through regulations, and as such, much of it is unknown until they're posted in the commenting period—you'd know we've tried to move amendments. I understand,

and I think you said it on the record here, that there will be round two of public hearings on Bill 100. It's my understanding that there are still some mechanical drafting issues, and perhaps what you want to do is address those.

How would you encourage the general consumer, who feels somewhat powerless in this equation—because they're really price-takers, and at the moment we don't know what that price is, don't know what the burden of all the administrative charges for the OPA and the new organizations you've put in place is going to cost. What is the process by which people should prepare now for further hearings on Bill 100?

Hon Mr Duncan: As you know, first of all, in addition to the legislative committee hearings, we've posted seven of the regs already and they've been circulated. Second of all, what you're coming back to is the regulated price, and there will be extensive OEB hearings on that. Consumers' associations are represented at the OEB.

I agree with you; the average consumer, I think, is somewhat apart from the process. I don't know how you overcome that particularly, but the reality is that we sent the bill out for extensive public hearings. We travelled the bill. In fact, we wanted to travel it more but we couldn't get the opposition parties to agree on all the venues.

The final point is that we brought in a number of amendments, which were consulted widely. That was the public consultation. In addition, I met with stakeholders from virtually every corner of the province in lead-up to the bill and subsequent to the introduction of the bill. We've now posted seven of the regulations. There will be extensive OEB hearings around the so-called regulated price once that mechanism is in place. There are built-in mechanisms at the OEB for consumer representation.

One of the challenges I think we all need to look at is how accessible that process is. I'm not sure that average consumers are well represented in that process. I'd be less than candid if I said they were. However, it's the process we have in place. We believe at this point in time it will serve us well as we move forward. Our view is that we'll be sending the bill back for committee hearings at second reading. It will be called for second reading, I believe, on Thursday of this week. One of the reasons we sent it out for extensive public hearings, which were travelled—I attended a couple of them myself—was to get feedback before we even began second reading. I imagine we'll have some more amendments to the bill prior to passage at second reading, which will require a little more committee time.

Mr O'Toole: One of the things in the bill was the whole issue of price—regulated price or unregulated price—and the perceived subsidization of the whole process by the Ontario Power Authority through its heritage assets. They are being undervalued technically to subsidize what could be higher prices for new forms of electricity.

We're still in a quandary. I'll pose the question very directly and I'll do it again: Would you give the con-

sumer today, whom you've just described as being somewhat like a lamb being taken to the woodshed—

Hon Mr Duncan: I don't think I described them that way.

Mr O'Toole: Well, they're not that well informed. They just pay the bill, basically, to keep the lights on.

Hon Mr Duncan: A little bit of licence there, John.

Mr O'Toole: I would say that they're in for a rude awakening. I want you to confirm if I'm completely wrong or in fact exaggerating, but I think there's a huge price hit coming here, in both the form of the burden on delivering the electrons and the infrastructure needed to do that, as well as the new smart meters. Somebody's got to fund the \$1-billion-plus to get this thing off the ground. Just how is that going to be paid for, a longer mortgage on the rates? That's still got to be supported debt somewhere. There is no real clarity even in your answers as to whether the price is still going to be in that 4.7/5.3 range or is it going to be more? And how much more, possibly?

Give them some advance warning and some comfort. They're going to pay more; you've said that. If you know that, you must have some clue on how much more. When are they going to start to pay this? And do they have any options? Do they have any options of opting out of the meter or opting into the meter or opting into something totally different? Those are the very fundamental questions from the consumers.

We have heard from large industry. They said it's 35% more. That's what they've said in public meetings and on the record. The large consumers can move around. Households and consumers and agricultural people can't. Give them some indication of how much it's going to increase the price for the OPA, the smart meters and this new old-governance model that you're implementing. Can you give them some idea, some hope for the future?

Hon Mr Duncan: Well, yes, I can. Since we took office, wholesale prices are down 19%.

Mr O'Toole: It's not on my bill.

Hon Mr Duncan: I'm afraid you're wrong, my friend. You were talking about large consumers; wholesale prices are down 19%. So to speculate—because you guys said they'd go up 35% last year, and they didn't. The key here is that there will be a regulated rate. And, yes, we will use the so-called heritage assets and their relatively inexpensively priced electricity.

1640

I think I went through the figures with you last week with respect to hydroelectric power to help keep a lid on the cost increases to consumers. I will not predict how much more they will pay, because I don't know that. I don't know what the regulated rate will be. That will be set by the OEB. If I set a price range right now, guess what's going to happen? That's going to be the price range that people bid in on. So you know what? I'm not going to be a self-fulfilling prophet.

What I will say is this: We will give them the tools to manage it. You want to know how they can manage their bills? They're going to have to conserve. The old para-

digm is gone. There's not going to be a subsidized price. I will remind the large consumers of power in this province that they get a deeply subsidized rate right now, a much bigger subsidy than small consumers do, and it's not well understood by a lot of people.

Our challenge is to make sure that we have a properly resourced sector with adequate investment going on. That has not been happening, and that's why we have inadequate supply. That's why we have inadequate lines right now. That's why we're looking at a \$40-billion investment over the next 25 years, just to make sure we stay competitive. This government will not shrink from that challenge. We will not fall back on the old false promises of capped rates, which don't work. They don't work, they harm the system, and they cost not ratepayers, but taxpayers.

Energy-efficient consumers subsidize those who are inefficient. That doesn't serve anyone's interests.

The Chair: I'd like to now recognize Mr Hampton.

Mr Howard Hampton (Kenora-Rainy River): I have a couple of questions, and they're follow-ons from the questions I raised last week. Perhaps these can be better addressed by staff, since you would, I think, know the answers.

I asked last week if you could tell us what the operating costs of the OEB were. In other words, what are the wages? What are the salaries? What are the all-in costs of operating the OEB? When I look at the estimates, I see essentially that \$20,515,900 is being taken out of the ministry budget. It says Ontario Energy Board. In effect, \$20,515,900 is being removed from the ministry budget, and that is going to be paid now by people on their hydro bill. Is that right? Is that how it's going to be paid for? It's going to be paid for through charges of one kind or another.

The Chair: Please identify yourself for the record, with your position.

Ms Nancy Whynot: Nancy Whynot, director of business and resource planning with the ministry.

The budget of the OEB used to be included in the broader appropriations of the ministry, as you stated. They're no longer part of the ministry's appropriation because of the new legislation for the OEB. They're independent. They're managing that budget as a consolidation now to the government. The OEB has always cost-recovered their expenditures from the industry. So the fact that it is no longer in the ministry's budget has not changed their cost recovery from the industry.

Mr Hampton: I guess my next question will be, do you know what the new budget for the OEB will be, since we're told it's going to be larger and have greater staff? So do you know what the projected budget for the OEB is going to be?

Ms Whynot: I don't have their most current figures.

Mr Hampton: Can you get that?

Ms Whynot: We can get that.

Mr Hampton: I want to know, as I said last day, how many full-time-equivalents and all-in costs, whether other direct and operating expenditures, whatever.

Similarly, you've got the IMO—the IMO, as I understand it, effectively charges on the hydro bill, so I would like the total budget for the IMO as well. I'd like to know wages, salaries, wage and salary ranges, and other direct operating expenditures, the all-in budget of the IMO—soon to change name. I appreciate that, if Bill 100 should pass, the name will change, but I want to know that figure, as well.

Then you have the OPA. It would seem that you must be fairly well along now in your planning for the OPA, so you must be able to give some estimates of what the OPA budget—

Hon Mr Duncan: Those won't be available for a couple of months yet.

With respect to the IMO, their historic figures are available through their annual report, as are the historic figures for the OEB. With respect to the coming year, I don't think they're published yet. They have a plan that's laid out. We'll get you that information as soon as it's available.

Mr Hampton: I also know that certainly the OEB is going to expand its operation and the OPA will be a new operation, but you must be able to make some estimates there, the number of full-time-equivalents, wage and salary ranges, benefits and all the expenditures. OK; I have a commitment I'm going to get that?

Hon Mr Duncan: Yes.

Mr Hampton: The other thing I wanted to ask, and I'm just going by Hansard here because I want to be clear on this—Mr Jennings, maybe you can help me. I asked last day, "Darlington with all four units operating is capable of delivering about 3,900 megawatts of electricity." The response was, "About 3,500." Do you accept that?

Mr Rick Jennings: Yes.

Mr Hampton: Do you agree with that?

Mr Jennings: Yes.

Mr Hampton: And I said that Pickering B is capable of delivering about 1,000 megawatts.

Mr Jennings: No; 2,064.

Mr Hampton: Pickering B?

Mr Jennings: Pickering B, four units: 516 megawatts each.

Mr Hampton: All right; 2,064. And Pickering A?

Mr Jennings: There's one unit at 515 megawatts that's running.

Mr Hampton: I just want to be sure on that.

Now I want to go back over something else that was said last day. Again, I'm going to ask staff because I think this may be an accounting measure. You might have to come up with the accounting numbers on this.

The minister said that low-income Ontarians have paid for an artificial price cap through their taxes. It would seem to me that if that's the case, there would have to be an accounting somewhere in the government of money taken in from taxes and then a transfer from a ministry to OPG or Hydro One or someone. In my knowledge of government accounting there would have to be that kind of accounting mechanism somewhere.

Hon Mr Duncan: Mr Peters was very clear in his report that it was \$1.8 billion to the provincial treasury gross, \$1 billion net, and that was piled on to the provincial deficit. Accordingly, the deficit belongs to all of us. Not only are you paying for it through your taxes; you're also paying the interest on the borrowed money because it was part of a deficit. I don't think that's too complicated to understand. Who do you think was paying for that subsidy?

Mr Hampton: Look, I'm not disagreeing with you. I'm simply saying that if what you said is accurate, there's got to be an accounting mechanism somewhere in the government.

Hon Mr Duncan: Yes, there is, absolutely.

Mr Hampton: There has to be an accounting mechanism that says that this was taken in in taxes and there was an actual transfer made—I would assume it would be from the Ministry of Finance—to OPG or to some body—

Hon Mr Duncan: The reverse. We'll get you the precise numbers, but there was a \$1.8-billion cost to the provincial treasury. It was first pointed out by Mr Peters in his analysis last October and subsequently confirmed by the Provincial Auditor.

Mr Hampton: I'm not interested in what Mr Peters had to say. I'm interested in the interim government accounting.

Hon Mr Duncan: The Provincial Auditor said the same thing.

Mr Hampton: As much as we're chasing with the sponsorship scandal in Ottawa now, follow the paper trail: Money went from here to here; this is what it was used for. So I'm asking you just as people in the federal sponsorship scandal are being asked as civil servants. You're accountable for this. I want to see the money transfers. I want to see the paper trail.

Hon Mr Duncan: OK. You can have it.

Mr Hampton: The minister can say whatever he wishes. You as public servants, it seems to me, have a slightly different responsibility.

Hon Mr Duncan: I am the minister. I'm responsible for this. You will have those numbers. Again, they've been relayed to you through umpteen different sources but we'll provide them to you again.

Mr Hampton: Just to be clear, I want to see the documentation.

Hon Mr Duncan: You're very clear. I understand what you want. You'll get it.

Mr Hampton: Just for the benefit of the civil service, I want to see the documentation that shows that a financial transfer was made from the Ministry of Finance, or some other ministry on behalf of the Ministry of Finance, to the Ministry of Energy or OPG or someone else, and that it in effect clearly shows taxpayers' money being used to subsidize Hydro operations.

Hon Mr Duncan: You'll have that.

Mr Hampton: Good. If I can have that, that would be helpful.

After all, this is supposed to be about estimates, and I just have some questions about the estimates before us.

One of the votes will be for ministry administration. One of the votes will be ministry administration, main office, operating expense. "The main office provides the overall policy, program and the management direction of the ministry. It consists of the offices of the minister, parliamentary assistant and the deputy minister." Is that right?

Ms Whynot: That's a sub-activity.

Mr Hampton: OK. I admit that I am not an accountant. I'm looking at page 13 of the estimates. I'm looking at 2003-04 and I see "Estimates," "Interim Actuals" and "Cash Actuals." In says that in 2003-04, the budget of the main office was about \$1.5 million, \$1.6 million, depending on which accounting method you use. Now I look for 2004-05, and it looks like it's almost \$2.2 million; \$2.16 million. Can you tell me what accounts for that increase?

Ms Whynot: In answer to the very first question, you won't actually be voting on just the main office; it's all part of the ministry admin vote.

Mr Hampton: I understand, but I get to ask the questions.

Ms Whynot: Yes. With respect to this actual increase, it relates primarily to additional salary and wage funding that was provided to the ministry, including to the minister's office as it was established and the deputy's office. We took our allocation and provided some additional funding to those branches of the ministry.

Mr Hampton: It shows a 40% increase. That's a whopping big increase when the government is saying that all ministries need to reduce. Can you tell me why the minister's office, the parliamentary assistant's office and the deputy minister's office need a 40% increase?

Hon Mr Duncan: Yes. Because of the mess you and the Tories left. We had to spend the money. We've got a busy agenda. We've passed three pieces of legislation. We've got a couple more brewing. It's money well spent. In our view, it was a priority for this government. We're fixing a lot of problems. The decision was made early on that this was a priority ministry, and the money is being well spent to clean up the mess that both you and the Conservative government after you left.

By the way, the other thing that needs to be put on the record, because it can be a little bit incomplete: The overall budget of the ministry is down. It has been one of the smallest ministries of the government, and we've had a cut in our overall allocation. Frankly, much of what we're doing now used to be done in finance, so we've had that additional responsibility. It's money well spent.

Mr Hampton: What I find interesting is that the minister's office—and I guess you can include the deputy minister—but the minister and the parliamentary assistant, a 53% increase in salaries and wages.

Hon Mr Duncan: Yes. We have added a number of additional staffers, as compared to the previous regime, in order to deal with the issues that are on our plate. Again, in terms of the actual numbers of people there, I'd have to double-check the numbers, but there has been an increase. We think it's prudent and necessary to have that kind of an expenditure.

Mr Hampton: So if I look at the bigger picture, the ministry itself is being downsized, yet the minister's office is adding a lot of political staff.

Hon Mr Duncan: The minister's and deputy minister's offices, yes. There are more people there. There had to be. It needed leadership; it's been lacking for 10 years.

Mr Hampton: I see. Leadership comes with more political staff?

Hon Mr Duncan: Yes.

Mr Hampton: It doesn't come from senior management?

Hon Mr Duncan: I am the minister. I report to the Premier. We believe that the allocation is appropriate and proper, given the scope and magnitude of the issues before the ministry.

Mr Hampton: It says, "... administration provides financial, audit, administrative, corporate policy and business planning, personnel support, and systems development services." And legal services. Looking at the overall ministry budget, it looks as if those things are actually going to get less money but there are going to be more political staff. Is that a fair assessment?

Ms Whynot: One of the things we did with the government's emphasis on results-based planning is transfer some of the funds that were traditionally under ministry administration over to the other vote of the ministry. So you'll actually see within this document we identified a transfer of some of the funds that had been used for overhead costs, for IT services, accommodation and legal. We moved them out of the ministry admin and over to the energy policy and programs vote, just shifting it to where it's represented. It's the accommodation costs for the energy policy staff. So that was an internal transfer in the ministry.

Hon Mr Duncan: We've also seconded staff to help us manage the RFPs because we think it's important to bring on new, clean, renewable electricity, and they're all senior management people. So that's why those changes appear.

Mr Hampton: I'm intrigued by this. Can you tell me, first of all, the new positions in the minister's office and the deputy minister's office, what would be the division between the minister's office and the deputy minister's office, and of course the parliamentary assistant's office?

Hon Mr Duncan: Can you answer that or would we have to get back?

Ms Whynot: I'd get back to you with the actual numbers, what's changed.

Mr Hampton: Can you tell me what the new positions are? They must have some responsibilities.

Hon Mr Duncan: We'll get back to you. We'd have to compare it to what the previous government had.

Mr Hampton: I'd just be interested in what the new positions are.

Hon Mr Duncan: We'll get back to you. I think we've created, for instance, policy adviser on conservation, which didn't exist before. There were changes

brought about through the admin, so we'll get back to you on that.

Mr Hampton: Can you tell me how many of the new positions in the main office are contract and how many are permanent?

Hon Mr Duncan: We'll get back to you on that.

Mr Hampton: And the compensation packages, the range of salaries.

Ms Whynot: The staffing in the minister's office is set by the minister's staffing unit in cabinet office, I believe, or Management Board. I'm sorry, I'm not sure which it is off the top of my head. So they are set ranges for all government ministries.

Mr Hampton: I'd just like to know what they are and how many positions are in each of the set ranges. You'll do that too?

Ms Whynot: Yes.

Mr Hampton: And of course, as I said, contract and permanent.

I want to go as well into the—

The Chair: There's a minute and a half left.

Mr Hampton: Could you do the same for the rest of the ministry? How many positions have been lost—because you're saying the ministry has had a cut—where those positions have been lost from, what the responsibilities were, what the job titles were; and where positions have been added?

Ms Whynot: There are net new positions in the ministry, for this current year.

Mr Hampton: So if the ministry budget is going down and the minister's office budget is going up by 40%—I'm trying to square the circle here. How does this happen?

Ms Whynot: I guess it's just mathematics. The increase in the minister's office, while it's a large percent, is not a large dollar sum compared to the funding of the entire ministry. A \$26-million ministry budget versus a \$2-million total budget for the main office. It's a difference between percentage increases and the total dollar value of them. I think the estimates briefing book largely shows what the year-over-year changes are, ups and downs, in all those main areas.

The Chair: Last question.

Mr Hampton: I thought I heard you or the minister say early on that the ministry's budget is being cut. Did I hear that?

Hon Mr Duncan: Yes. We're managing better, and we have not cut staff. We're focusing on priority areas. The people you look at are the ministry. You're looking at the main office right here, with all due respect. They do an effort. So yes, even though the ministry's overall budget has gone down, we've managed to preserve the jobs in the public service. There was an increase in this minister's office upon this government taking office because we believe energy is a priority.

Mr Hampton: Can you tell me, with respect to the ministry overall, how many of the positions are contract and how many are permanent?

Ms Whynot: I don't have that number.

Mr Hampton: Can you get that?

Ms Whynot: Yes, I can.

Mr Hampton: And how that varies with last year or the year before?

Ms Whynot: I'll see what we can get for you.

Mr Hampton: Thanks very much.

The Chair: Thank you very much, Mr Hampton. That concludes our time allocation by agreement. We are prepared to proceed with the votes at this time, if there's no objection.

Shall vote 2901 carry? All those in favour? Opposed, if any? It is carried.

Shall vote 2902 carry? All those in favour? Opposed, if any? It is deemed carried.

Shall the estimates of the Ministry of Energy carry? All those in favour? Opposed, if any? It is carried.

Shall I report the estimates of the Ministry of Energy to the House? All those in favour? Opposed, if any? That is carried.

That completes the ministry estimates. I want to thank the minister and his staff for attending.

This committee stands recessed for 15 minutes to begin the estimates of the Ministry of Municipal Affairs and Housing.

The committee recessed from 1702 to 1716.

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

The Chair: I'd like to reconvene the standing committee on estimates. We are here to do seven and a half hours with the Honourable John Gerretsen, Minister of Municipal Affairs and Housing. Welcome, Minister. For our viewers at home, you might introduce the two gentlemen who are with you. Then it is our custom to have the first political party have the first half-hour, represented by the minister. Please proceed.

Hon John Gerretsen (Minister of Municipal Affairs and Housing, minister responsible for seniors): Thank you very much, Mr Chairman. It's good to be here. I'd like to introduce the deputy minister, John Burke, and the assistant deputy minister, Arnie Temple. We have a number of other people here from the ministry as well who may be called upon from time to time.

I'm very pleased to appear before this committee on behalf of the Ministry of Municipal Affairs and Housing. I believe the ministry has accomplished a great deal over the past year, and I'm glad to have this chance to detail our progress.

Broadly, we're moving ahead on the government's commitment to build strong urban and rural communities in a strong Ontario.

We're rebuilding relationships with municipalities. We're working with them, professionally and respectfully, to build a solid foundation for municipal strength and growth.

We're consulting with Ontarians, stakeholders and associations. We're getting their input on issues important to their communities, such as land use planning,

growth management and rent reform. We're making real, positive change in key areas.

Let me begin with our work to deliver permanent greenbelt protection in the Golden Horseshoe area.

As we all know, this area is growing at a phenomenal rate. It's predicted the population will rise to 11 million people by 2031—four million more than today. Urban sprawl could mean the loss of another 1,000 square kilometres of land—an area nearly twice the size of the city of Toronto—over that same period, unless we act now. We have to consider how and where people and businesses can best be accommodated, as well as the public infrastructure that will be required. We urgently need a plan for well-managed growth.

Our government has moved forward in this regard and has set out its overall vision for growth in the greater Golden Horseshoe in the discussion paper known as *Places to Grow*. We have also committed to delivering a permanent greenbelt in this high-growth, high-density area in order to contain urban sprawl and to protect important agricultural and environmentally sensitive lands.

1720

The first step was my introduction last December of the Greenbelt Protection Act, which was enacted by the Legislature in June of this year. This act created a greenbelt study area across the Golden Horseshoe, including the Oak Ridges moraine area, the Niagara Escarpment and the Niagara tender fruit lands.

It also established a one-year moratorium, retroactive to last December, on new urban development on rural and agricultural development lands in this area. Lands previously zoned for development could, however, still go ahead. This moratorium gave us time to hold substantial public discussion on the future of the region.

To do this most effectively, I established a 13-member Greenbelt Task Force. The task force represented a range of communities. Members included environmentalists, academics, developers and representatives of the resource, farming and municipal sectors. They were chosen for their expertise and concern for the protection of green space in the Golden Horseshoe, as well as their understanding of the permanent and far-reaching nature of the subject.

This task force was asked to make recommendations on the scope, content and implementation of a permanent greenbelt. It developed a discussion paper and consulted widely on proposed approaches, hearing from more than 1,200 individuals, 60 stakeholder groups, and receiving more than 1,000 written submissions.

In August the task force submitted a series of recommendations that focused on distinct areas, including defining the greenbelt, environmental and agricultural protection requirements, managing natural resources, and opportunities for tourism, recreation and for experiencing cultural heritage.

I would like to take this time to thank Burlington Mayor Rob McIsaac, chair of the Greenbelt Task Force, and all of its members for the report they concluded with. They put a lot of time and effort into the consultation process and their contribution is greatly appreciated.

Their recommendations have given us the foundation to develop a draft plan for a permanent greenbelt. Over the coming months, the ministry will complete the draft and we'll hold public consultations on it in the fall. We plan to introduce legislation as soon as possible.

To further support plans for a permanent greenbelt, last month I signed a key land exchange agreement expected to close in the year 2005. This will lead to the creation of a public park on more than 1,000 acres of environmentally important lands known as the Oak Ridges moraine in Richmond Hill. The lands being acquired are the only remaining undeveloped link between the eastern and western ends of the moraine. This agreement would exchange privately owned land in the moraine for a portion—less than 25%—of provincial land holdings in the Seaton area of North Pickering. The ministry will continue to work closely, as we have in the past, with the region of Durham and the city of Pickering to develop a progressive model community in Seaton.

The government's vision for growth management is also in keeping with our agenda for planning reform. There is only so much land in Ontario, and as our population grows, good planning and land use policies are imperative.

We took the first step toward an improved planning system last December when I introduced Bill 26, the Strong Communities (Planning Amendment) Act. If passed, this act would give municipalities more tools and control over their growth. Briefly, it would allow municipalities to prevent unwanted urban boundary expansions; give them more time to review planning applications, especially official plan changes; require planning decisions to "be consistent with" the provincial policy statement, a stronger test than the current "have regard to" standard; and allow the minister to declare matters before the OMB to be of provincial interest.

In June, we took another step forward and launched an extensive consultation on planning reform. This consultation focused on three main areas.

First, we consulted on the Planning Act, building on the Strong Communities (Planning Amendment) Act. This review considered further changes that might be needed to make the Planning Act and the planning system more effective and any new or revised tools to support better land use planning.

Second, we consulted on draft revised policies in the provincial policy statement. As you know, the policy statement provides policy directions on matters of provincial interest related to land use and development. We want the revised policy statement to provide clarity and certainty on our government's land use priorities, which include urban intensification, the cleanup and development of brownfields, and protection of green space.

Third, we consulted on the role of the Ontario Municipal Board in the land use planning system. Our government is committed to reforming the OMB to make it more user-friendly, and we asked for input on such matters as the public's ability to participate in OMB

hearings, whether the OMB's ability to substitute its decision for that of an elected council should be modified or curtailed, the scope of matters that can be appealed to the Ontario Municipal Board, and the breadth of the OMB mandate and whether that mandate is appropriate.

The public consultation period with respect to all these matters concluded on August 31. The ministry is currently reviewing all submissions. We expect some pieces of our planning reform agenda, like Bill 26 and the provincial policy statement reform, to move forward this fall. Other components, like additional reforms to the Planning Act and the Ontario Municipal Board, we expect to move forward in the spring of next year.

Another major consultation carried out by the ministry centred on rent reform. Our government is committed to introducing legislation to replace the current Tenant Protection Act. Ontario needs rent control legislation that is fair and equitable to both tenants and landlords. Unlimited rent increases can hardly be considered fair to tenants. And yet that's what, in our opinion, the current act allows.

Between 1997 and 2003, average rents across the province rose by 23%. Despite the current high vacancy rates, average rents have only dropped slightly, after years of double-digit increases. Right now, too many Ontario renters, more than 30%, can't afford adequate housing. They are living in apartments that are too small for their families and require simply too much of their income.

We want a rental system that provides real and balanced protection for both landlords and tenants and encourages the growth and proper maintenance of rental housing across the province. To do this most effectively, the ministry developed discussion materials for comment and consulted extensively between mid-April and mid-June of this year. This consultation focused on a number of areas where improvements are needed, including vacancy decontrol, the proper maintenance of rental buildings, rent deposits, landlord and tenant rights, and developing a fairer process for dispute resolution.

There was a very high level of public interest. There were, amongst others, about 1,200 telephone calls received through a bilingual call centre, 4,800 responses to questionnaires, 250 written submissions and about 1,500 participants at 10 town hall meetings. This response was further supplemented by feedback from 30 meetings with regional stakeholder groups and a series of stakeholder expert panels. The ministry reviewed all submissions over the summer months and we plan to introduce the proposed new rental legislation this fall.

In the meantime, the government amended the existing legislation to provide for a time out while we consulted with tenants and landlords on new residential tenancy legislation. The amendment means that rent increases for 2005 will be based solely on the rent control index, a formula that takes into account increases in operating costs faced by landlords. The amount of the 2005 guideline will be 1.5%, the lowest amount in Ontario's history of rent controls.

1730

To continue for a moment with the housing portfolio, let me deal with affordable housing. Rent reform legislation is only one component of the government's agenda to promote a healthy housing market with a broad range of housing choices. As you know, our government is committed to providing more affordable housing. My ministry and the Ministry of Public Infrastructure Renewal continue to work with the federal government to make sure funds for this priority are made available and that programs address Ontario's needs and priorities.

In February of this year, our government announced \$56 million in funding under the Canada-Ontario affordable housing program. This will create more than 2,300 units of affordable housing in communities across the province. The total budget for the affordable housing program during the current year is \$85 million. We will focus particularly on building housing for victims of domestic violence, persons suffering from mental illness and the working poor.

In March, further supporting our commitment to affordable housing, I took part in announcing our government's new provincial rent bank program. This program provides funding to municipalities to help low-income tenants avoid eviction if they can't pay their rent because of an unforeseen crisis or emergency. The rent bank program represents a one-time funding commitment of \$10 million in provincial grants to municipalities that currently operate or want to establish a rent bank, and increases rent bank funding across the province tenfold.

We also announced \$2 million for an energy emergency fund to help low-income households deal with energy-related emergencies.

Let me return now to municipal affairs and update the committee on our government's actions toward reforming the Municipal Act. Our government sets a high premium on local democracy, local decision-making and local government. And we want to provide Ontario's municipal leaders with the autonomy, power and flexibility they need to best serve the needs of their community.

The Municipal Act, 2001, requires the ministry to begin a review of the act by the year 2007. Our government has stepped up this schedule to give local governments more of the tools, powers and autonomies that they need sooner. We announced the review in June, as well as a public consultation to determine how we could best improve the act. Since then, we've been seeking the opinion of municipalities, the business community, ratepayers and other stakeholders in such key areas as (1) increasing the spheres of jurisdiction that municipalities operate in or may operate in; (2) ethics and accountability, including relations with the integrity commissioner, codes of conduct and lobbyist registries; and (3) the issue of licensing and user fees.

The first phase of consultation ends this Friday, October 15. The ministry will subsequently review all submissions and move to a second phase of discussion focused specifically on dealing with the issues that

participants raised during the initial phase. We hope to introduce legislation for a new, more permissive Municipal Act in the spring of 2005.

AMO MOU: We are further strengthening the provincial-municipal partnership by acting on another major commitment. In June, I introduced Bill 92, the Municipal Amendment Act. If passed, this bill would recognize in law the memorandum of understanding between the province and the Association of Municipalities of Ontario. The memorandum commits the province to the principle of consulting with AMO on proposed statutory and regulatory changes that would have a significant effect on municipal budgets. We hope to move forward on second and third readings of this legislation in the fall.

Furthermore, in August of this year, our government signed an agreement that extends the term of the existing MOU with AMO by three years, to 2007. This new agreement also included a protocol that commits the province to consulting with AMO on federal-provincial agreements in certain areas that affect municipalities. Ontario is the first province in Canada to have signed such an agreement with its municipal association. Under the protocol, Ontario will consult with AMO on agreements with the federal government that relate to municipal infrastructure, immigration, labour market development, housing and other issues that significantly affect the current municipal budget year or planning cycle.

We are already seeing how well this new relationship will work. This year, for the first time, municipalities have secured a place at the table to discuss immigration issues, as Ontario proceeds with negotiations toward a Canada-Ontario immigration agreement. The provincial and federal governments have also signed a letter of intent pledging to work closely with the Association of Municipalities of Ontario to implement the new Canada-Ontario municipal rural infrastructure program and ensure it meets local priorities and needs.

Our government and AMO also see this protocol as an important step towards a tripartite agreement that would see municipal government at the federal-provincial table when municipal matters are being discussed. We plan to begin negotiations with the federal government in this regard soon.

City of Toronto Act review: This is yet another example of the new and mature relationship our government is creating with municipalities. It is a fact that Toronto is the engine of economic growth in Ontario and much of Canada. Its continued economic prosperity is vital to all.

Yet, while Toronto sets the pace in so many ways, it faces legislative and fiscal restrictions to its effective day-to-day and long-term operation. This simply has to change. As the Premier recently said, "We're going to ensure Toronto has the tools it needs to remain strong and prosperous long into the future."

The province and city of Toronto have commenced a joint review of the City of Toronto Act and other legis-

lation pertaining directly to the city. Our goal is to provide Toronto with an enabling framework that's appropriate to its responsibilities, size and significance to Ontario. The object of the review is threefold. It is, first of all, to make the city of Toronto more fiscally sustainable, autonomous and accountable; second, to give it the tools it needs to thrive in a global economy; and finally, to reshape the relationship between Ontario and its capital city.

Already, a joint task force made up of provincial and municipal officials has been established, has agreed on a work plan and has started to meet regularly. During the review, the task force will talk to internal and external experts and stakeholders as appropriate.

The task force will move forward in several ways. It will review the 1997 legislation that merged Metro Toronto and the six local municipalities. It will consider Toronto's current powers in light of its identified needs, mutually agreed-upon powers that the city doesn't have but requires in order to meet those needs, and an agreement on an approach to deliver these powers. It will consider the important issue of harmonizing 100 years of private legislation inherited by the new city.

There are many instances where legislation passed in a former municipality remains in effect but applies only to one part of the amalgamated city. The task force will examine whether the legislation is still used, whether it should be applied to the whole city or if it should be repealed and replaced with general authority under the Municipal Act.

It will also look at such issues as Toronto's ability to modify its democratic processes, for instance, setting the size of its council, and specific concerns such as how Toronto can best deal with the results of the ongoing MFP inquiry.

I would point out to your committee that this review is occurring at the same time the review of the Municipal Act is happening. There is a close relationship between these two acts and reviews. Changes that ultimately come out of the city of Toronto legislation review will complement general changes made to the Municipal Act and vice versa.

There will be a free exchange of ideas, information and options as the two reviews progress. The Premier has stated that it's our government's goal to introduce a modernized City of Toronto Act by the end of next year.

We know that our plan to build strong communities must consider the needs of all of Ontario's communities—large and small. That's why we have just concluded a consultation on a plan for rural Ontario. Our plan will articulate our vision for the province's rural communities. It will provide us with a coordinated approach to shaping the policies and delivering the programs and services that reflect the diversity and uniqueness of rural communities. That is further, I believe, than an Ontario government has gone before.

The plan will contribute to the development of strong rural communities in four different ways. The plan will call for sustainable municipal fiscal capacity and infra-

structure. It will have strong local rural economies as one of its requisite features. It will call for a healthy social climate. And it will demand a clean and healthy environment. We expect to announce the details of our rural plan within the next several weeks.

The final item I would like to discuss today is the province's response to the devastating flood in the Peterborough area. In the early morning of July 15, 190 millimetres of rain fell in the city of Peterborough and three townships in the county of Peterborough, causing extensive damage to public and private properties. The city of Peterborough adopted a resolution that enabled the ministry, on July 21, to declare it a disaster area. This made the city eligible for help under the Ontario disaster relief assistance program. By July 23, Peterborough had set up a disaster relief office and the province and the city were working together to speedily deal with claims.

Under ODRAP, each affected household not covered by insurance could apply for \$500 for emergency living needs and small businesses could apply for up to \$2,500 to help with cleanup and emergency repairs. The first series of cheques were distributed July 29, 14 days after the flood took place.

I would like to recognize the Peterborough Area Flood Relief Committee, and in particular chair Paul Ayotte, for their hard work and quick action in settling emergency claims and helping their communities.

On September 6, the province provided an additional \$3.5 million as a second instalment in provincial assistance. The city of Peterborough, the county and the affected townships are compiling estimates of damage to municipal infrastructure, including roads, bridges and water treatment facilities, as well as to more than 3,000

residences and 200 businesses. Our government will continue to provide help and funding as further needs are identified. And through ODRAP, we will match up to \$2 for every local dollar raised by the Peterborough Area Flood Relief Committee to an amount necessary to settle all eligible claims.

The Ministry of Municipal Affairs and Housing will continue to advance the government's priorities of developing strong communities that have effective, accountable and responsive local governments. We will ensure a land use planning system that facilitates good growth management and well planned communities now and in the future. We will encourage a housing and rental market that responds to the full range of accommodation needs of Ontarians.

Mr Chair, thank you for the opportunity to present this overview. I look forward to your questions and any questions from the members of your committee.

The Chair: Thank you very much, Minister. It has been the custom, at least for this Chair, at the front end, when we're allocating time, not to ask any one speaker, whether it's the critics or the minister, to divide their time. If there's concurrence with that, instead of asking Mr Hudak to do 15 minutes today and 15 minutes tomorrow, we will adjourn till tomorrow. Is that agreeable? For the Hansard record, I see a whole bunch of nods.

I want to thank the minister and his staff for coming this afternoon. This committee stands adjourned until 3:30, or immediately following routine proceedings tomorrow, October 13.

The committee adjourned at 1745.

CONTENTS

Tuesday 12 October 2004

| | |
|---|--------------|
| Ministry of Energy | E-195 |
| Hon Dwight Duncan, Minister of Energy | |
| Ms Nancy Whynot, director, business and resource planning, corporate services | |
| Mr Rick Jennings, director, energy supply and competition branch | |
| Ministry of Municipal Affairs and Housing | E-203 |
| Hon John Gerretsen, Minister of Municipal Affairs and Housing | |

STANDING COMMITTEE ON ESTIMATES

Chair / Président

Mr Cameron Jackson (Burlington PC)

Vice-Chair / Vice-Président

Mr John O'Toole (Durham PC)

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge L)

Ms Caroline Di Cocco (Sarnia-Lambton L)

Ms Andrea Horwath (Hamilton East / Hamilton-Est ND)

Mr Cameron Jackson (Burlington PC)

Mr Kuldip Kular (Bramalea-Gore-Malton-Springdale L)

Mr Phil McNeely (Ottawa-Orléans L)

Mr John Milloy (Kitchener Centre / Kitchener-Centre L)

Mr John O'Toole (Durham PC)

Mr Jim Wilson (Simcoe-Grey PC)

Substitutions / Membres remplaçants

Mr Howard Hampton (Kenora-Rainy River ND)

Clerk / Greffier

Mr Trevor Day

Staff / Personnel

Mr David McIver, research officer,
Research and Information Services



E-9

E-9

ISSN 1181-6465

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Wednesday 13 October 2004

Journal des débats (Hansard)

Mercredi 13 octobre 2004

Standing committee on estimates

Ministry of Municipal Affairs
and Housing

Comité permanent des budgets des dépenses

Ministère des Affaires municipales
et du Logement



Chair: Cameron Jackson
Clerk: Trevor Day

Président : Cameron Jackson
Greffier : Trevor Day

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATES

Wednesday 13 October 2004

COMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Mercredi 13 octobre 2004

*The committee met at 1527 in room 151.*MINISTRY OF MUNICIPAL AFFAIRS
AND HOUSING

The Chair (Mr Cameron Jackson): I'd like to call to order the standing committee on estimates. We are pleased to welcome the Honourable John Gerretsen, Minister of Municipal Affairs and Housing. We have engaged the first half-hour and, in accordance with custom, I would now like to recognize Mr Hudak for the official opposition.

Mr Tim Hudak (Erie-Lincoln): Thank you, Minister, for your presentation yesterday. I had a chance to review your comments, and I think Mr O'Toole and I will have a few questions on your outline for the ministry's intentions and its relationship with the expenses.

Before I begin, let me also say thanks. I haven't had the chance to say it to the minister and his team here directly with respect to Marcy's Woods in Fort Erie. The minister extended the MZO for that area an additional six months to help a solution come forward to preserve that forest in perpetuity. So I thank the minister and his staff. I know John MacKenzie particularly, in the minister's office, has been active on this file. It's not often that we get to say thanks, so I should make sure I take the time to do so. Thank you.

Minister, one concern we in the opposition continue to bring up—and it's not just us, and not just the media, particularly around the one-year anniversary of the Dalton McGuinty government, but it's commonplace in the coffee shops across Ontario—is the lengthy list of broken promises. Dalton McGuinty seemed to cynically make all kinds of promises to everybody who was listening before the election campaign and then, once in office, began cynically breaking those promises one by one. I think what we have, and PC services put together, is about 37 major broken promises. I suspect there are more broken promises out there.

Minister, I've known you for some time. I've seen you in action in the House. I know you're a minister and a man of integrity and that you hate breaking campaign promises. It's not in your nature. I want to ensure, Minister, that—

Interjection.

Mr Hudak: I think he agrees.

Hon John Gerretsen (Minister of Municipal Affairs and Housing, minister responsible for seniors): Is there a question?

Mr Hudak: No, there's no question.

Hon Mr Gerretsen: You see, I think you forget—

The Chair: Minister, your mike's not on. It's never going to be recorded, and I'm still going to have to give the honourable member his time. I understand it's your first estimates, Minister, but you are afforded a half-hour of full rebuttal. It is yours, and yours exclusively, to use as you see fit. You have staff here who will take notes on the kinds of comments you wish to make when your time comes up in rotation, but I really must adhere a bit to the rules here. So thank you, and please proceed.

Mr Hudak: Thank you, Chair, and, Minister, I will get to some particular questions with regard to estimates and the broken promises.

But I think it's important in our preamble, as the official opposition, to talk about the setting that we find ourselves in one year or so from the election date. That is, I think, an image of a Premier, frankly, who can't be trusted. Unfortunately, it reflects on the particular ministers who form part of his cabinet.

I think, no doubt because of your experience in municipal issues and his trust in you, he put you in the challenging portfolio of municipal affairs and housing and dealt you some pretty tough cards out of the gate—a mixed metaphor. He dealt you tough cards in your first hand as minister. I think in the first few months there were two major campaign promises broken. In fact, one is always in the top five, and that's stopping the 6,600 homes on the Oak Ridges moraine, a very clear commitment made by Premier McGuinty and many on the campaign, including probably the member who challenged me down in Erie Lincoln.

Then even once elected, I think even once he knew better—I suspect he knew for some time—Premier McGuinty continued to say that he was going to keep this promise of stopping every one of the 6,600 homes. Then poor Minister Gerretsen had to go in there and say, "Dalton, I can't do it. It's clearly going to be a broken promise." So Minister Gerretsen was forced to carry the ball in breaking one of the I think key promises of the Dalton McGuinty campaign, particularly in the 905 area. It's an area, Chair, that we intend to pursue as part of these estimates.

Secondly, it was tough too because you were chased by a giant squirrel, if I remember, that held up a rather unflattering—

Hon Mr Gerretsen: Chipmunk.

Mr Hudak: Chipmunk. My apologies. How soon we forget. You were chased by a giant chipmunk holding up a very unflattering sign with respect to the broken promise of the Dalton McGuinty government.

Shortly after having to come clean and announce that Dalton McGuinty had no intention of keeping that promise, you had to go up to the Kawartha Lakes area and tell them that, again, Dalton McGuinty had made a promise that I believe he had no intention of keeping, and that was to respect the vote of a referendum for de-amalgamation in the Kawartha Lakes area.

Premier McGuinty said in the Packet, “We would conduct a referendum.” “‘What you can do, you can undo,’ McGuinty said in a telephone interview from Queen’s Park,” reported in the Orillia Packet and Times.

In February 2004, I guess, Municipal Affairs Minister John Gerretsen appeared unannounced at a council meeting and informed councillors, “The government will not be implementing de-amalgamation of the city of Kawartha Lakes at this time,” in the Lindsay Daily Post.

Out of the gates a couple of key promises, I think, that Liberal candidates locally probably tried to use to their advantage were broken, and this minister, given their marching orders by Premier McGuinty and his advisers to go out and break those promises, is on the record. Definitely the Oak Ridges moraine broken promise is something that’s continually highlighted when everybody talks about the Dalton McGuinty record to date.

We want to make sure, I think, to this process, Mr Minister, and I’m sure Mr Prue does as well, that the broken promises have stopped and that the remaining promises the Ministry of Municipal Affairs had listed in its costing report, the remaining promises that Dalton McGuinty or his candidates made in this area, will be kept. That’s an important role we will play in opposition to keep the government accountable to their promises.

One they have is to build 20,000 new affordable housing units. Liberals promised, “We will match federal support to create almost 20,000 new housing units for needy Ontario families.” That’s Liberal platform number 2, page 13. The budget, which came out in the spring of 2004, waters down this commitment significantly to, “We will work with the federal government and municipalities to increase the number of affordable housing units in Ontario.” That’s the budget speech, page 16. So the 20,000 number, like the 1,000 police officers promised, disappeared into the ether somewhere. When you look at the sidebar in the budget speech, page 13, the budget refers only to 2,300 new affordable housing units, barely 10% of the total that were promised. I don’t know if there’s a time limit on that particular promise. Maybe in time the intention of the government is to actually live up to that commitment. The record would cause me some pessimism, Minister, in that regard. It is not a promising start, with only 2,300 committed in funding to date.

Broken promise number 36: Repeal the Tenant Protection Act within one year.

“In our first year of government, we will repeal the misnamed Tenant Protection Act and replace it with an effective tenant protection law. Our law will protect tenants by making unfair rent increases illegal. We will encourage the construction of more rental units to reduce upward pressure on rents.” I guess you could have a very liberal interpretation of what “one year” means, to the date of the swearing-in, so maybe the minister has a couple of weeks to keep that promise. Some would say it should have been kept within one year of the election date.

Ian Urquhart had a very good column on Monday, October 11, about rent control ghosts stirring. There’s a good line in here from Mr Urquhart. It says, “But it is in the content of the bill that the Liberals will most likely break a promise, according to various informed sources.” I hope that’s not true. I mean, it’s been a tough year and, as I’ve said, the Premier gave you some tough challenges in terms of the broken promises that you yourself were responsible for announcing, so I hope the new year doesn’t begin with yet another broken promise by Dalton McGuinty.

Urquhart goes on to say, “The Liberals specifically promised to restore rent controls on vacant apartments, decontrolled by the then Conservative government in 1998.

“But the Liberals added this qualifier: If vacancy rates were above 3% in any given community, full controls would not be restored.”

So the commitment seemed to be that they would impose rent controls, but if vacancy rates were above 3% in a given community, they would not be restored. When that commitment was made, Urquhart suggests, “a 3% vacancy rate must have seemed unattainable,” but “Now, two years later, Toronto’s vacancy rate is running at more than 4%, and landlords are tripping over themselves to attract tenants with offers of free TVs and three-month rent holidays.”

So we’ll be watching this closely when the announcement is made, if it’s made before the swearing-in day, and whether you will meet your commitment or break another promise about introducing such legislation. Secondly, we will see if you allow for decontrol in areas that have higher than 3% vacancy rates. If not, sadly, you’re beginning the new year, just like the last one with the Oak Ridges moraine and the Kawartha Lakes referendum, breaking promises right out of the gate.

The backtracking on Dalton McGuinty’s promise to stop all housing on the Oak Ridges moraine caused two things to happen. I believe it caused an expensive deal for the taxpayer of Ontario to cover for the Premier’s irresponsible promise. In fact, the costing documents that we obtained through the freedom-of-information process after the government sat on them for almost a year—the government fought tooth and nail, to the bitter end, to prevent this document from coming forward. Finally, the privacy commissioner ordered them to be released. The

civil servants had costed as many of the Liberal promises as they could find. With respect to Dalton McGuinty's promise to stop all housing on the Oak Ridges moraine, the estimate was about \$1 billion in that regard.

We suspect that the other shoe is either dropping or about to drop in terms of how the pot was sweetened, so to speak, to stop the additional—I think you saved, what was it now? Ninety homes or something like that were stopped; 6,600 were originally there, and 900, I think it was, were stopped, so 5,700 continued. I think that was an irresponsible promise by the Premier. I think he knew better, and I think that as a result, there are significant costs to the taxpayer. Hopefully we'll find out exactly the extent of those costs very soon.

1540

This also triggered—well, I have a couple of quotes here. There was a major backlash against the government. I mentioned the chipmunk with some humour, but there were some very serious comments thrown the government's way upon their breaking of the Oak Ridges moraine promise.

Again, Ian Urquhart wrote at the time in the Toronto Star, "The Liberals knew a year ago—when they first made the promise—that the developers had all the necessary approvals. This was truly a cynical promise designed to be broken." It has never been suggested that Ian Urquhart is a Conservative—unbiased, objective opinion; in his words, strong language, "a truly cynical promise designed to be broken."

Glenn De Baeremaeker, president of Save the Rouge Valley, said, "I just think it's an absolute betrayal. They're not in office eight weeks and they've totally caved to the developers." That's what Mr De Baeremaeker said at the time.

Josh Matlow of Earthroots, a former Liberal candidate, had some very strong comments: "We thought this was the chance to put an end to it and we are very disappointed," among others.

What I suspect happened is that in cabinet, probably in caucus, as a result of the extreme backlash to the broken promise around the Oak Ridges moraine land deal, the fact that the Premier had drawn a line in the sand and then, under pressure, backed away significantly caused an abrupt movement in bringing forward greenbelt legislation without a plan to help our farmers who have been impacted, who have lost rights on their land, and who certainly see this as an impact on the viability of their farm operations without any kind of agricultural support program. It's been almost a year—not quite, but almost—since the legislation was introduced, and after consultation in committee and report etc, there is still no assistance, still no word of assistance, still no word of a plan, to help out the farmers who are impacted in the greenbelt. Maybe we'll see that in this year. Maybe that's reflected somewhere in the estimates, a plan to help our agricultural community who are impacted dramatically by the greenbelt legislation. The most recent, I think, magazine from the OFA had some very harsh words about the lack of action from this ministry or the Ministry

of Agriculture to help out farmers. The cart was so far ahead of the horse that it practically has lapped the horse in terms of not responding to the needs of farmers.

The greenbelt municipalities have been saying, and are starting to say with a louder voice, that their needs have been neglected. I think the legislation would have been better received if it had come hand in hand with a plan to help our farmers, agricultural supports, on the one hand, and secondly, a plan to help out the municipal partners. This government talks a lot about helping municipalities, but in the case of greenbelt municipalities that are having their growth significantly restricted as part of this legislation, their future growth to pay for improvements in roads, to pay for improvements in sewers, maybe to pay for a new community centre, their ability to grow is severely constricted by this legislation. I do worry that there will be no assistance for municipalities caught in this particular situation.

There's no doubt the greenbelt, if it's successfully implemented, can be a jewel for the province of Ontario to enjoy, like part of our Lands for Life initiative, for example, across northern Ontario, a jewel for the entire province or country to enjoy. A question they'll ask you, though, in Lincoln, in Niagara-on-the-Lake and other affected communities, is, why should the taxpayers of those communities bear the full brunt of the costs in terms of reduced assessment? What is the plan of the Ministry of Municipal Affairs to assist those communities that are having their revenue growth restricted? Surely the response is not going to be that they can simply raise taxes on their existing residents. I think that would be tremendously unfair and unwise. So hopefully we'll have some sign from this ministry as the year of this hearing goes forward about their plans to help out greenbelt municipalities.

I've got to give credit. Mayor Bill Hodgson from Lincoln, for example, has been proposing this. He's been in the paper talking about it, and hopefully finding some favour in the halls of power of government, so hopefully we'll see some movement to assist these particular municipalities.

From there, I want to get into some particular questions surrounding certain aspects of my initial presentation. I want to see, though, if my associate Mr O'Toole has any opening introductory comments he wants to make in this regard.

Mr John O'Toole (Durham): No, I think you're doing an admirable job.

Mr Hudak: That's supposed to be my water break.

Let me go back to the Oak Ridges moraine land swap and the recently announced new deal with respect to additional lands transferred in the Seaton area for a number of acres in the Richmond Hill area.

Maybe I'll ask the deputy minister: You have a number of support staff with you here today. Who will be the one responsible for the costing that suggested this particular promise by the government would cost about \$1 billion to implement?

The Chair: Please identify yourself.

Mr John Burke: My name is John Burke. I'm Deputy Minister of Municipal Affairs and Housing.

The costing, as I understand it, was done internally, strictly to keep some track of what were estimated to be costs associated with simply not proceeding with that land exchange process. As I understand it—I was not personally involved in those calculations—it was strictly very high-level guesstimates around what it might cost if that land exchange was stopped in its current form.

Mr Hudak: In terms of the staff you have supporting you here today, who would be the resident expert on the details around the land swap?

Interjection: Bryan.

The Chair: Welcome, Bryan. Please introduce yourself and state your title.

Mr Bryan Kozman: I'm Bryan Kozman. I'm the director of the North Pickering land exchange team.

Mr Hudak: Thank you very much for coming forward. Just a quick question for you too: Help me understand the role of the North Pickering Development Corp.

Mr Kozman: There's a statute that was created a number of years ago that puts in place a corporation whose responsibility it would be for development of the land out in the Seaton area. It's currently populated, that corporation, by senior-level staff from our ministry, the Ministry of Municipal Affairs and Housing, and the Management Board Secretariat.

Mr Hudak: What role does that corporation play in a land swap, either the original one or the additional land that was announced?

Mr Kozman: The responsibility I have as a staff person initially is to make sure that that corporation is aware of and privy to the negotiations that went on, the work of our team in terms of support to the negotiation process in terms of future development of the lands. Their responsibility is an oversight role in terms of making sure that the legislative responsibility they have is met.

Mr Hudak: How many people work in that corporation?

Mr Kozman: It's comprised of a board of directors. I believe there are five or six. There's a chair. I believe Deputy Burke is in fact the chair of the corporation. ADM Arnie Temple is a member of it as well. There are three other staff people from the ministry at the ADM level—actually, two ADMs, and then there's an ADM at the Management Board Secretariat. In total, there would be, I believe, six or seven people who sit on that board of directors.

Mr Hudak: Are there staff in addition to the board of directors at the North Pickering land corp?

Mr Kozman: I head up the North Pickering land exchange corporation. I have six staff who work for me.

Mr Hudak: I see in the estimates—and I apologize. I don't have the page open. Maybe you could assist me. Could you remind me of the budget for the land corporation last year and the budget for the corporation this year?

Mr Kozman: Let me just grab my file. As you may be aware, there are audited financial statements for the

corporation that get tabled in the Legislature. For 2002-03, our budget was \$990,000. For 2003-04, our budget was \$1.17 million. Thus far this year, in fiscal year 2004-05, we have incurred costs up till September 30 of \$591,000. So the total spending to date associated with the land exchange is approximately \$2.7 million.

1550

Mr Hudak: What's the budget for 2004-05 in total for the north Pickering corporation?

Mr Kozman: I believe it's \$2.9 million. That's our approved 2004-05 budget.

Mr Hudak: And you're on track to meet that budget, or you're under budget or surplus or—

Mr Kozman: We're under budget at this point.

Mr Hudak: Good for you. Help me understand, then. That's a significant increase; it's a \$2-million increase and a significant percentage increase from 2002-03, and more than doubling from last fiscal year. Help me understand why that's the case.

Mr Kozman: As we've come to the end of the process with respect to the land exchange and as we move into development of a land use plan for the Seaton lands, as we move into doing class environmental assessment work, a significant amount of our budget is devoted toward consultants who have an expertise that we don't have in-house: archaeological investigations, land surveying, that sort of thing. So a lot of our budget would be taken up with consultants who have a specific technical expertise that we rely upon.

That's why, as we've gone down the road, as we get closer to the end of the process, as we come to concluding the negotiations and as we come to the end of our process, if you will, we've had to move some of the budget that we otherwise would have done earlier to the end to do those kinds of land use planning and class environmental assessment work.

Mr Hudak: OK. If I understand it correctly, you have a strong board of directors from the civil service and you play a role, but you're paid through the Ministry of Municipal Affairs and Housing. Or are you paid through the development corporation?

Mr Kozman: There's a loan advanced to the development corporation, and Arnie can probably speak to this better than I can. Our funding comes from a loan advance from the government to the corporation, and then my funding for my staff and our needs are paid through that.

Mr Hudak: What's the value of the loan that comes from the Ministry of Municipal Affairs for staffing?

Mr Kozman: I believe back in 2002-03, it was in the order of \$4.9 million for a three-year period. I'd have to check on that but I'm pretty sure that's what the amount was.

Mr Hudak: Is that strictly for ministry staffing? Is it also for the studies that you're doing?

Mr Kozman: It's for the full gamut of work. It's to negotiate the deal, it's for our staff, it's for our erasers and pencils, it's for the full gamut of cost that we incur to support the development corporation, but also to conclude the negotiations and move on to the next phase of

the work, which is the development plan and the class environmental assessment.

Mr Hudak: What's your estimate for the cost of the outside consultants that are working on the land deal?

Mr Kozman: On a yearly basis or in total?

Mr Hudak: How about for this year, what's your expectation?

Mr Kozman: We had budgeted an amount for this year of around \$2.3 million.

Mr Hudak: And about how much was spent in 2003-04 for the outside consultants?

Mr Kozman: In 2003-04, \$656,000; and in 2002-03, \$670,000.

Mr Hudak: How do you determine who to hire for your outside consultant work?

Mr Kozman: In some cases we go through the normal procurement process, which is an open, competitive tendering process. For example, in the case of the team that's doing our land use plan right now we went through an open, competitive tendering process back in 2003. In the case of archaeologists and surveyors, again, we would have gone through what's called a vendor of record, where you go out into the marketplace and ask firms whether they have the skills and the time and the expertise to do the work, you create a stable of people and then you go and pick the best, if you will, and you use those to mete out the work to them over time.

Mr Hudak: I don't know if you have this at hand right now, but how many untendered contracts have been given by the development corporation this year or last year?

Mr Kozman: I'd have to go back and check. It would be the minority as opposed to the majority, for sure.

Mr Hudak: Mr Chair, if I could put in that request through you for.

The Chair: It's noted for the record.

Mr Hudak: Thank you very much.

Help me understand too what role the corporation plays in giving advice with respect to the actual details of the land swap, in terms of determining what land did Pickering go through, what land in Seaton? Does it play any role in that whatsoever?

Mr Kozman: The negotiation process would have been led through my team and I would be, as you might expect, updating them as those negotiations progressed. But they aren't involved in the day-to-day negotiations of which land goes to which owner, how much and that sort of thing. That was left up to the negotiating team, and then we would bring information, at key points, back to the development corporation and indeed back to the government for its review and consideration as well.

Mr Hudak: What kind of advice do you provide? Help me understand specifically what kind of advice you would provide to the decision-makers that are working on the negotiations, for example.

Mr Kozman: I would have been involved directly in the negotiations. We had outside assistance, a consultant, if you will, helping who was in fact the lead provincial negotiator. But my role would be to be an active participant in the negotiations with the developers.

Mr Hudak: Do you play a role, though, in the valuation of the parcels of land that are being exchanged, the environmental nature of those parcels of land?

Mr Kozman: We would rely on outside consultant experts to do that. I don't have an appraisal background; we would rely on people who are members of the Appraisal Institute of Canada, for example, to give us advice in that respect. They would meet all the professional standards and benchmarks that their technical expertise and profession requires of them.

Mr Hudak: Back to my first request, and I'm not sure what role privacy standards impact this: I wonder if we could get the names or the companies that have been hired as outside consultants, the role they played for the corporation and the type of advice they gave to those involved in negotiations between the developers and the government?

Mr Kozman: The first question I meant to work on with you: The costing that the civil service did for the promise to stop all housing on the Oak Ridges moraine was a rough figure of \$1 billion. How was that arrived at?

Mr Kozman: We would have looked at the cost associated with the deal, as Deputy Burke said, of it not going forward. That would have encompassed potential lawsuits by the developers for the cost they would have forgone in terms of the development opportunity for their land. It would have involved consideration of legal costs associated with having to engage in a potential or possible court case. And you have to remember this isn't just in Richmond Hill, which is where a lot of the attention has been focused. There was another landowner up in Uxbridge, which is also part of the mix. We would have looked at the implications associated with the developers up in Richmond Hill who were selling houses to people, and you'd have been looking at the implication of potential lawsuits coming from those prospective homebuyers and the tradespeople who might have been involved that would have been affected by the cancellation. So there would have been a full—from our perspective, albeit at a high level, as the deputy indicates—evaluation of the impact associated with not proceeding with those full 6,600 units.

Mr Hudak: In terms of that full valuation of the impact of not proceeding, what proportion of the billion dollars did you assign to potential legal costs?

Mr Kozman: I'd have to go back and check. I don't know the answer offhand.

Mr Hudak: No problem. How about the potential lawsuits that would incur? You must have had a value of what the potential upside costs would have been of a successful lawsuit by any of the developers.

Mr Kozman: I'd have to go back and look. The billion dollars is what made it in. It would have been broken down, but I'm not sure how fine-grained that breakdown would have been.

Mr Hudak: Sure. As part of that breakdown, how about the value of the potential homes or the value of property that would have been lost by the developers if the McGuinty government had stopped all development on the moraine?

Mr Kozman: That probably would have been the most significant element of it in terms of there being 1,000 acres of land up in Richmond Hill that was potentially, a good portion of it, developable, and the same thing would have occurred with respect to the Uxbridge land. That would have been the most significant, I would guess—as my recollection allows me—component of that \$1-billion cost.

1600

Mr Hudak: Again, Chair, could I request Mr Kozman's details on how that billion-dollar estimate had come forward?

The Chair: It's noted by the researcher.

Mr Hudak: Thank you, Chair. How am I doing on time?

The Chair: You have a minute.

Mr Hudak: I guess we'll come back—Mr Kozman, thanks very much for answering my questions. I may come back to this.

Just quickly to the minister, with respect to the most recent part of the land swap, is it the government's intention to make all of those details public, and, if so, when?

Hon Mr Gerretsen: It's just a question: I thought that you had a question earlier—

The Chair: He has now asked you for an answer.

Hon Mr Gerretsen: All right. We'll make all the documentation available as soon as a final resolution has been reached with respect to the Uxbridge owners.

Mr Hudak: I've read that in the paper. I just wonder if there's something specific. You've managed to settle all the issues with the vast majority of owners. I know that there's one remaining. When can we expect that last—it has been a year, Minister. When are you going to resolve this and make the details of the deal public?

Hon Mr Gerretsen: It's an arrangement that started under your government, with respect to the Uxbridge owners. So it may take some time to resolve that issue. We hope it to be sooner rather than later, but we have no idea as to what the time frame will be.

The Chair: I would now like to recognize Mr Prue. You have 30 minutes.

Mr Michael Prue (Beaches-East York): I'm going to get right to the questions. I have lots to say, but I don't need to hear myself say it, so let's go right to the questions.

You were asked by Mr Hudak about the Kawartha Lakes amalgamation. I'd like to spend a little bit of time on that, because I have to tell you that this is one of the most perplexing decisions I have ever seen made in this place. When I asked you in the House, you said we're not going to honour the democracy of the people of that community because it costs too much. How much was it going to cost?

Hon Mr Gerretsen: First of all, I never said that, Mr Prue. I indicated to you that the reason we could not live up to the request of the council of Kawartha Lakes was quite simply due to the fact that, according to our calculations, at least four or five of the former municipali-

ties, if we had returned back to the former municipalities, would become totally financially and fiscally unsustainable. I can go into the reasons for that if you'd like me to.

Mr Prue: Oh, please.

Hon Mr Gerretsen: All right. It's my understanding that the vast majority of the municipalities, in effect, on the last day or near the last day of their individual existence, if I can put it that way, got rid of most of their reserve funds by, I take it, tax cuts, or that in one way or another it went back to the taxpayers who presumably had paid for them over the years.

The next thing that happened, the way I understand it—of course, we weren't in government at the time—was that there were a number of OSTAR applications and OSTAR projects going on in the new municipality of Kawartha Lakes. I can get you the exact number of municipalities—if we don't have it here, I can certainly get that for you—that basically provided for a significant amount of provincial revenue in order to get the various water and sewage treatment facilities going. It also required a local contribution. If memory serves me correctly, in at least three or four municipalities that come to mind right now, the local contribution just to carry the interest on the local contributions and to keep those plans going would have meant anywhere between a 10% and 30% tax increase in those municipalities if they had gone back to the former 16 municipalities. That's just to carry the interest on the municipal portion of the OSTAR loans. So we came to the conclusion that it would simply be unsustainable for those four or five municipalities to allow them to return back to the original 16, taking into account the amount of debt load they had to carry as a result of the water and sewage works that were going on in those municipalities.

Mr Prue: There were three or four of them, so I would take it that there were 12 or 13 that were sustainable. Is that correct?

Hon Mr Gerretsen: I'm not sure about that. We were more concerned about the ones that wouldn't be sustainable. But let me go on.

As I had clearly indicated to the council, both when they visited me here in Toronto near the end of January and later on when I made a personal visit to them—I believe it was some time in the middle of February. I had intended to meet with the mayor. She had called a meeting with council and asked me if I wanted to address council, and I said, "Of course I will." I clearly indicated to them at that time that we as a government are always willing to look at new service delivery mechanisms for municipal services to the taxpayers, to the residents of any community, provided that the council of the community requests that. It's my understanding that one of the groups that is quite active in the de-amalgamation efforts in Kawartha Lakes has put precisely that kind of resolution before council just this week, asking that they look into the possibility of starting some form of a two-tier municipal system there, with a number of lower-tier municipalities and one upper-tier municipality. If the council passes that and if they bring it forward to the

ministry, we will certainly take a very good look at that. Anything that will help the delivery of municipal services in municipalities, we're all in favour of.

Mr Prue: That municipality, in terms of people, is only about 75,000.

Hon Mr Gerretsen: That's correct.

Mr Prue: In terms of distance, I came from Bancroft. I decided to take Highway 121/118. I showed up in Kinmount and saw a sign there that said, "Welcome to the City of Kawartha Lakes." I drove for more than an hour—around an hour—to get to Kirkfield and I was still in the city of Kawartha Lakes. I didn't get anywhere near Lindsay. I can see why the people think that maybe this government is just a little bit distant from them. Would you think there's a lot of people—

Hon Mr Gerretsen: It is a large municipality. You and I must have had the same experience, because my wife and I just happened to drive almost that same route, from Highway 12 right across to Highway 7. I was surprised myself. All you have to do is look at a map to see that it's a very, very large municipality. I'm not for a moment suggesting that if we had been in power at the time, we would have set up the municipality the way it is, but that was done by the former government.

Mr Prue: Going back to these municipalities, they were all, to the best of my knowledge, solvent at the time they were amalgamated. They all had money. None of them had any debts that were not sustainable. Is that correct?

Hon Mr Gerretsen: I don't have any information on that, but I assume they were ongoing municipalities. Some of them may have required some financial assistance from the ministry at some point in time, but I'm not aware of that.

Mr Prue: And today what you're saying is that these past municipalities would not be self-sufficient because they gave their assets away. Is there any other reason that they would not be self-sufficient?

Hon Mr Gerretsen: No, I think we looked at it primarily from a financial viewpoint. That would be correct.

Mr Prue: If the people of those former municipalities knew it was going to cost them a 10% increase, as you've estimated, and still wanted their municipality back, what is the problem with that?

Hon Mr Gerretsen: Well, as I indicated before, for some of those former municipalities it was between 10% and 30% just to carry the interest cost on their share of the OSTAR grant or loan. I would have no idea, if you were to reconstitute them under the current conditions, as to what any tax increase would be, but I would think it would be significantly more than merely the increase of the loan amount that they were carrying on the OSTAR loans. But we don't know that.

Mr Prue: But if they wanted it, if they wanted to pay, what's the problem with that? This is what they voted on. They knew it was going to cost money to de-amalgamate; they didn't know how much.

Hon Mr Gerretsen: I think, as the Minister of Municipal Affairs, that as the government of Ontario we have a responsibility that municipalities are as sustainable as possible, and we came to the conclusion that four or five of these municipalities would not be financially sustainable.

But again I say to you, as we've said to them, as I've written to them a number of times, we are more than prepared to look at any methods whereby services can be better delivered to the people of the Kawartha Lakes area. If they come forward with a resolution, as I understand this particular group has brought forward to their local council just this week and which I understand is going to be discussed next week, that they want to look at some further restructuring on a two-tier basis, with three or four lower-tier municipalities and one upper-tier municipality, we will definitely take a look at it. Absolutely.

1610

Mr Prue: What are they going to have to do? Are they just going to have to pass a resolution or are you going to require a referendum? If so, how is the referendum going to be different from the last one?

Hon Mr Gerretsen: Well, first of all, it wasn't our referendum question.

Mr Prue: No, but you did say you'd honour it.

Hon Mr Gerretsen: Just a minute, now. It wasn't our referendum question, and I don't think you will find anywhere a statement by anyone—well, certainly myself, because I wasn't involved in this at all prior to the election—that we were going to recognize this specific question that was asked in that resolution. I haven't got it in front of me, but it was basically, "Do you want to go back to the 16 original municipalities?"

I can well recall a meeting that I had in my office near the end of January, which was attended by every member of their council, specifically asking individuals, asking the council and the other people who were there in the room, "Are you prepared to look at other possible governance structures?" etc. It was very interesting. The individual councillors, regardless of what side of the question they were on, whether they favoured amalgamation or didn't favour amalgamation—I believe every one of them, every one of them who spoke, anyway, indicated, no, they wanted to know whether or not we as a ministry or I as the minister were going to recognize the referendum question. In other words, neither side at that point in time on the issue was willing to look at possible other methods of governing the area.

But it's a large city; there's no question about it. All one has to do is look at a map or drive through it. I totally agree.

Mr Prue: This was a ministerial-sanctioned referendum where the question was put, the two opposing sides were given money, the political process was instituted. The people voted. Your party, my party and the Conservatives all said that we would honour it. I don't think you said that; I think Dalton McGuinty said that on your behalf.

My question to you is, what is this municipality going to have to do to get out of what they consider to be a totally ridiculous situation: a government they don't want, a structure they do not believe works for them and on their behalf? What are they going to have to do? Are they going to have to hold another referendum, or are you going to accept whatever vote comes out of their municipality, be it next week, next month or next year? I want to know exactly what your position is.

Hon Mr Gerretsen: First of all, when you say everyone believes it's a ridiculous municipality, that's not my understanding.

Mr Prue: The majority.

Hon Mr Gerretsen: It's my understanding that some of the councillors—and I wouldn't want to put any number on them—certainly favour the current set-up and some of them don't, and I don't know who has the majority or what. As I indicated to you before, if a resolution is passed by that particular council that wants us to take a look at new delivery or governance methods for that municipality, we as a ministry are more than prepared to take a look at that.

Mr Prue: But I want and I think they want some assurance, if they go through all this exercise in a different way again, that something is going to be resolved around the issue. It's all well and good to do exercise after exercise, vote after vote, and end up nowhere.

Hon Mr Gerretsen: You know, Mr Prue, it would be totally unacceptable for me to give carte blanche to a particular proposal when nobody knows what that proposal is. It's the obligation of the ministry and of the government to make sure the governance structures that we have in this province make sense for individual communities etc. I will say again, if they bring something forward by way of a resolution, we will be more than prepared to take a look at it and work with them to bring the best governance model possible.

I believe in local government, as you believe in local government. The best kind of local government that we can create in particular parts of this province, whether it's Kawartha Lakes or elsewhere, is what we should strive toward, so that the people there can have the best possible quality of life.

Mr Prue: Just one last question on this. I'm going to move on to something else. You made a statement—and I didn't capture it; I'm not writing it down; I hope to read it in Hansard tomorrow—that the Liberals were not responsible for this. We know that this happened during the Conservative reign that preceded you. They just brought in a guy—Kitchen, I think was his name.

Hon Mr Gerretsen: Harry Kitchen was involved.

Mr Prue: Harry Kitchen came in: a one-man community destroyer. He came up with an idea that doesn't work. Would you agree that you would not have done this, that as the minister, you would not have combined these 16 municipalities?

Hon Mr Gerretsen: As I've said to you before, it was not our government that put this municipality together, and we may very well have taken a totally different approach to it.

Mr Prue: OK. So I take it then that you think the status quo is not acceptable. Can I at least get that much?

Hon Mr Gerretsen: I'm saying that if the municipality comes forward—

Mr Prue: This is like pulling teeth.

Hon Mr Gerretsen: No, it's not like pulling teeth. Local areas, municipal governments, are governed by councils that are elected, in exactly the same way you and I are elected, every three years. Those councils make decisions on behalf of the people within their jurisdiction. If that legitimately elected council comes forward with a resolution that they want us to look at a particular issue relating to governance or service delivery, we will certainly take a look at it and work with them to make it happen, as long as the end result is going to be better service delivery for those people who live in that particular area. But we can't prejudice anything. You want me to prejudice the situation. You would never do that in government or as a mayor of East York or whatever, and I'm certainly not going to do it in this position.

Mr Prue: I would have honoured their referendum.

OK. Next, let's move on to the Seaton area. I think that too is sort of a fun thing. Just two days ago—or was it three days ago?—I read in the Toronto Star, which I guess did a little bit of digging around, that the municipal council and the mayor of Pickering were not happy with the deal and in fact were threatening to take you to court. Is that your understanding of what's happening in that particular municipality today?

Hon Mr Gerretsen: I read the media as well. I have not spoken with Mayor Ryan since, but I spoke to him a number of times before that. I even went out to visit the Seaton area near the end of August and we had a beautiful bus ride. He showed me the lands that are contained in Seaton and, I believe, a significant amount of land within the agricultural preserve as well.

We had a very friendly conversation in which I clearly indicated to him that I had instructed the ministry that's involved in preparing an ODPa plan for the Seaton lands, which have been lying there fallow for the last 30 or 40 years, to work together with the city of Pickering and its officials and the region of Durham. At the end of the day, when all is said and done, whatever development is going to take place there, those two municipalities, both at the upper and lower tier, are going to be left with the development of employment and residential lands and of the infrastructure that is there. It is extremely important that the province not be seen to unilaterally impose a plan there that doesn't have input from the city of Pickering and the region of Durham. That remains my position. It has been said to him; it has been said to Chair Roger Anderson; it has been put in letters to them. I've given instructions not only to our ministry staff but also to our consultant working in this area that I want the city of Pickering and the region of Durham intricately involved in putting that plan in place, because that's the only way it's going to work in the long run.

Mr Prue: The amount of land that's being swapped, to my understanding, is some 200 acres on the moraine

being swapped for some 600 acres in Seaton; is that correct? Again, my source would be the *Toronto Star*.

Hon Mr Gerretsen: No, I believe it's more like about 1,050 acres for about 1,200 acres in Seaton.

Mr Prue: So it's how many acres for how many acres?

1620

Hon Mr Gerretsen: It's 1,050 acres on the Oak Ridges moraine—is that the right number?—and 1,250 in Seaton.

Mr Prue: Why is more land being swapped? Why the extra 200 acres?

Hon Mr Gerretsen: It's done on a value-for-value basis.

Mr Prue: The land on the moraine is more valuable?

Hon Mr Gerretsen: I assume so. What we have made available publicly—and it certainly can be made available to the committee as well—is the report from the Fairness Commissioner, Mr Justice Houlden, which is dated July 14, 2004. It's a lengthy letter that goes into the various agreements that were reached, both by the former government and the supplementary agreement reached by the current government relating to the 900 fewer units of housing that are going to be built on the Oak Ridges moraine.

I'll just read you his concluding paragraph, and you are more than welcome to have this report, because it is public information. He states, "From my examination of the documents and from the information that I have received from the persons from your ministry, I am pleased to report, with reference to the agreement respecting the land exchange, as follows:

"(a) The process used to reach the agreement was fair and appropriate; and

"(b) The agreement constitutes a fair and reasonable outcome from the perspective of the taxpayers of Ontario."

That deals with the issue Mr Hudak raised. He goes on to say, "This report does not address the land exchange with the Uxbridge owner. It would be my recommendation that if a land exchange proceeds with that owner"—and it's our intent to do that—"that consideration be given to application to that owner of the principles contained in the arrangement with the Richmond Hill owners. The question of fair application of those principles established with the Richmond Hill owners to the Uxbridge owner could be determined by arbitration ... if not agreed to by the parties."

So the reason why we don't want to release all the documentation relating to the Oak Ridges moraine exchange for Seaton is that we hope to apply those same principles to the Uxbridge situation. But once that deal is finalized as well, we will certainly—I've always believed that at that point in time all documents relating to the two exchanges should be totally made public.

Mr Prue: Again, I'd just like to get your assurance, to close this line off, that the town of Pickering and the council of the town of Pickering will be able to have input—and would they have veto power?—over this land

transfer and over the use of that land for residential housing. I guess I have another question that follows that.

Hon Mr Gerretsen: It is land that's owned by the province and has been for many years. I wouldn't want to talk about veto powers, but we certainly want to work with the town of—the city of Pickering.

Mr Prue: Is it a city? It's a town, isn't it, still?

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge): It's a city.

Mr Prue: I didn't know. I thought it was still a town. My apologies. I knew it wasn't a borough.

The question was also raised in that same newspaper article that this was going to cost, or potentially cost, for these additional many, many homes that can be built on 1,250 acres, the city of Pickering monies they would not have for infrastructure, be it sewers, roads, schools, hospitals and that kind of thing.

Is part of the deal that is being struck with the developers going to include municipal payments? As you know, being a former mayor, there's a whole difficulty with municipalities charging the fees unless they can show it was actually used for infrastructure. Is this part of the deal that is being brokered with the developers?

Hon Mr Gerretsen: It's my understanding that the developers will be paying for the servicing of the lands they will be left with. As a matter of fact the province, as part of the deal, is putting in \$5 million to service the lands that the province will be left with after the exchange takes place, which hopefully will service some of the employment lands that will then be sold by the province to developers and builders that want to build on the development lands. The servicing will basically be paid for by the developers.

Mr Prue: And indirectly, then, by the people who buy the new houses. That's all that, but—

Hon Mr Gerretsen: That's the case that happens in every—

Mr Prue: In every case, yes. I just want to make sure that the existing residents of the city of Pickering and of the regional municipality of Durham aren't going to be stuck with a bill for a land swap orchestrated by the province.

Hon Mr Gerretsen: I totally agree with you. It shouldn't be. No, you're right.

Mr Prue: It shouldn't be. OK. Anybody who buys a new house, that's probably fair game. I mean, everybody pays those.

Hon Mr Gerretsen: That's right.

Mr Prue: All right. How much time will I have, Mr Chairman?

The Chair: Five minutes.

Mr Prue: Oh, my goodness. Let's start a new round here.

The next one is, I'd like to get into the whole issue of housing. In the Liberal election platform, the Premier promised, "We will match federal support to create" almost "20,000 new housing units for needy Ontario families." It was echoed in the budget, but we haven't seen any funding to back this up. As minister, can you

tell me whether such funding is forthcoming, and if not, why not?

Hon Mr Gerretsen: It's my understanding that in fact 2,300 new affordable housing units are in the process of being built, and that the ministry is putting in, I believe, \$56 million. My colleague the Minister of Public Infrastructure Renewal, David Caplan, is currently negotiating an agreement with the federal government with respect to the balance of the 20,000 units, which would be around—

Mr Prue: It would be 17,700.

Hon Mr Gerretsen: —17,700 units. And hopefully he'll be successful in that, sooner rather than later.

Mr Prue: There's been a small down payment, you're telling me, and the balance is contingent upon negotiations with the federal government?

Hon Mr Gerretsen: Yes. It has always been our position, right from day one, that we wanted to match the federal government with respect to their commitment to affordable housing in Ontario.

You may recall that the last government, I think, contributed something like \$2,000 or \$3,000 per unit and the federal government at that point in time put in \$25,000 a unit, which was in their initial allocation. We've always said we want to match the federal government contribution in whatever new programs can be negotiated with the federal government.

Mr Prue: To go to the civil service, and perhaps the civil service here can tell whether or not my numbers are correct—a little bit of research with the small, tiny staff we have. I thank you for having a small, tiny staff. It says that the civil service in December of last year informed the minister that implementing the commitment for 20,000 new housing units would require an investment of \$362 million. Is that number correct?

Hon Mr Gerretsen: This is Doug Barnes, the assistant deputy minister for housing.

Mr Doug Barnes: I believe that number is correct, yes.

Mr Prue: All right. And this is money over and on top of the \$20 million that had already been committed?

Mr Barnes: I also believe that's correct.

Mr Prue: My staff is pretty good. And that breaks down to \$225 million to match the existing program, \$120 million for a new program and \$17 million for administration. Are those numbers also correct?

Mr Barnes: That's roughly correct, yes. I think the federal program—

Mr Prue: The question I have for all of this money, then: When will this money start to flow? We're more than halfway through this fiscal year.

Mr Barnes: The allocation for this year is \$85 million. That is being paid out on the basis of new projects which are coming underway. But we are still in the process of trying to develop a new program with the federal government.

Mr Prue: Again we come back to the federal government. The federal government attempted to initiate this program. It would have been—I'm trying to think of

the exact time—probably in November 2001. The ministers met in Quebec City. Is that where all this flows from, from that accord?

1630

Mr Barnes: The new federal proposal started in January 2001. There was the accord later in the year and, subsequently, the agreements. The first Ontario projects started in 2003.

Mr Prue: Refresh my mind, because I was under the impression, throughout all of that, that the previous government was not interested in those projects. The only projects that existed involved some \$20 million, which was taking off the 7% sales tax. What you're talking about was 2003?

Mr Barnes: The \$2,000 is the rebate of the provincial sales tax.

Mr Prue: And that was the only program in 2003?

Mr Barnes: That's correct.

Mr Prue: All right. Is what we're talking about here today all new program over and above that?

Mr Barnes: The money we're talking about this year is a continuation of the pilot program. In other words, it is the \$25,000 federal, \$2,000 provincial, until we make the new arrangements. But the overall cost-matching will be 50-50 in the long term.

Mr Prue: As of today, it's still that \$2,000 from the previous government. Nothing has changed in the year?

Mr Barnes: That's correct, except for one additional part of the program, which is that we have introduced the potential—we have a prospective builder for a home ownership program. That would be an \$8,000 combined subsidy, federal-provincial. The provincial component would be the rebate of the sales tax and the rebate of the first homebuyer's land transfer tax.

Mr Prue: When do you, on behalf of the civil service, anticipate that this deal will be struck? I know the minister will be called in at the last minute and there will be a photo op of the federal and provincial people and a big announcement will be made. But when do you anticipate, civil servant to civil servant, that this will be accomplished?

Mr Barnes: We would like to think, shortly, but we have to see how it goes. The negotiations are ongoing.

Mr Prue: When was the last time you met? Let me rephrase that.

Mr Barnes: Yesterday morning for three hours.

Mr Prue: When is the next time you're meeting?

Mr Barnes: Friday morning.

Mr Prue: Then it is ongoing and I accept that.

The Chair: Stay tuned.

Mr Prue: My time is up.

The Chair: That is correct, Mr Prue. Thank you, Doug.

Minister, you have up to 30 minutes for response, if you wish to respond to any of the discussion or concerns.

Hon Mr Gerretsen: Just so I'm clear, if I don't take all of my 30 minutes, will the government caucus get the balance of the time?

The Chair: No. It's prescriptive; it's "up to." It's not an entitlement; it's an "up to." If you don't take the 30 minutes, then we'll begin the rotation.

Hon Mr Gerretsen: I'll just respond to a number of the issues that were raised, then.

I find it passing strange that whenever the opposition members bring up this notion as to how many promises were made and how the promise-keeping is going etc, they never want to talk about the fact that when we became the government there was a deficit of \$5.6 billion racked up in a matter of about six months. I know they are no longer the government so they no longer have to answer that question, but I think any rational person out there would say to themselves that any new government, starting off with what was supposed to be a balanced budget—you may recall that the Magna budget was supposed to be balanced; we were told that over and over—and then to find yourself in a \$5.6-billion hole almost six months into the government, it's not like starting even. It's not like starting with no deficit at all or having some money in the bank. The idea that we would be able to commit to all of our platform commitments in the first year of our government, with that kind of deficit hanging over us, is totally unrealistic and I think the people of Ontario will see it that way.

I could also say that it was never the intent to meet all of the platform commitments within the first year. Except for specific issues where we said we would bring in legislation within a year, we always talked about it in terms of bringing in those commitments that we made within the term of our government, within the four-year term. It still has three years to go, three years and a bit more, actually. So I would simply suggest that the former government has some explaining to do as to how a budget could be balanced on April 1 and be \$5.6 billion in the hole as of October 2. And you don't have to take our word for it. All you have to do is take the word of a very respected individual who worked as the independent Provincial Auditor of this province for over 10 years, an individual whom I worked with very closely as Chairman of the public accounts committee for four years, Mr Erik Peters, who had then retired from that position. He also came to the conclusion that, I believe, we were \$5.5 billion short at that point in time.

I'm just pointing out that that's the starting basis in which we found ourselves when we took over the government. It wasn't a break-even proposition at that point in time, so it is going to be difficult to meet all the particular commitments we made during the election campaign, especially in the first year of a four-year mandate.

With respect to the Oak Ridges moraine, let's go back a little. I can remember sitting in the House—I believe it was in 2001—when the then Minister of Municipal Affairs and Housing, Mr Chris Hodgson, brought in a bill that froze all the land use on the Oak Ridges moraine. Everybody was so excited that it got approval from all three sides in the House, I believe in a matter of five minutes. After that a plan was developed in much the same way that we're developing the greenbelt plan right

now. At no time was there ever any mention that there was a side deal that would allow a further 6,600 units of housing to be built on the Oak Ridges moraine. Or if there was, it certainly wasn't within the knowledge base of the opposition, or it was hidden within the documents to such an extent that it would have been almost impossible to find.

We thought that was not a very upfront deal, if I can put it that way. People were led to believe that the Oak Ridges moraine was not going to have any development on it, and there was this side deal that the previous government made to allow 6,600 housing units to be built on it. We came into government and, quite frankly, we made their bad deal better to the extent that an additional 900 units would not be built on the moraine. I would suggest that allowing 5,700 units to be built there is better than allowing 6,600 units to be built there. We end up, in effect, with a much wider corridor of moraine land that is now protected for wildlife and for the environment than would have been the case if we had simply implemented their plan. That's about all I want to say about that.

I think I've dealt with the Kawartha Lakes situation about as well as I can, at this stage anyway, and the affordable housing units.

The greenbelt legislation: I feel very excited about this. In this current session we're going to introduce at some point the greenbelt legislation, and it's going to vastly increase the amount of agricultural and environmentally sensitive land that will be protected for future generations. Obviously, the details are still being worked out, but the legislation will be introduced relatively soon. The constant fearmongering that some members of the Legislature have done with respect to property rights, that somehow the rights of the individual landowners on the moraine are going to be affected, I just want to totally dispute.

No current rights that individuals have with respect to land use on the moraine are going to be affected. Farmers will still be able to farm their land. That's one of the reasons why they're going to protect the land within the greenbelt area. We are looking at ways in which perhaps, if new, modern technology comes along, certain farming operations can be expanded within means etc.

1640

We realize that people make a livelihood. This is prime agricultural land. We want the farmers to be successful there. To suggest that we are somehow denying them the right to farm, when in effect one of the purposes of setting up the greenbelt is to protect the farmland so that future generations can farm on it, is just totally fallacious in my opinion.

There are maybe certain people who had hoped that at some point in time, perhaps when they had finished farming, their land could be turned over to development, and yes, if the greenbelt legislation is accepted by the Legislature, that possibility will be curtailed or finished. But when you're dealing with the current rights as to what people can do within the greenbelt area, whether it's in tourism, whether it's—the urban zoned areas of

this province are not going to be affected by the greenbelt legislation. I'll just leave it at that for now.

The Tenant Protection Act: We are going to bring in a bill that we believe is going to be balanced for tenants and landlords. It's going to provide some real tenant protection, which we don't believe the current legislation has. We've always said we're going to restore real rent control, and we intend to do that. It's certainly my hope that we'll be able to introduce that bill before the first anniversary of this government. But we want to get it absolutely right so that it is balanced legislation between landlords and tenants. If it's going to take an extra week or two, then it's going to take an extra week or two, but it's definitely going to be introduced in this session of the Legislature. Depending on how the debate goes and how the members feel about the legislation, hopefully it will be passed this session as well. That of course depends on the will of the Legislature.

I think I'll just leave it at that. Thank you for your consideration.

The Chair: We have about an hour and 15 minutes before we must adjourn, so I'm in the committee's hands. First of all, I have to ask, do we want to stack the votes or do we want to go through each vote by the estimates book? Any suggestions? It has been the custom so far to stack them and vote on them all at the end. Once you vote on a section, you can't reopen it.

Mr O'Toole: Let's stack the votes.

The Chair: Mr O'Toole has recommended we stack them till the end. Mrs Cansfield?

Mrs Donna H. Cansfield (Etobicoke Centre): I'm just curious as to whether or not we'll have an opportunity to ask a couple of questions.

The Chair: That's what we're just ordering up, the remaining time for this afternoon. I'm hearing no objections. We have 75 minutes, so we'll do 25-minute rotations. Is that agreeable? All right. That will give each party 25 minutes. That will bring us to about three and a half hours left of estimates. With your concurrence, we'll proceed. We'll begin the rotation with the official opposition, the third party and then the governing party, and continue the rotation until estimates are completed. Mr O'Toole?

Mr O'Toole: I'm always pleased to work with the critic of your ministry, Mr Hudak. He has outlined a broad array and got into some very detailed questions. I'm going to follow up on a couple of things.

Where would I find the money in this document on estimates for your commitment of 20,000 new homes? Where would I find that? You mentioned it in your remarks yesterday, some \$85 million. I think I heard the number right. That's one thing you could point out for my clerical vulnerability here.

Also, you had some greenbelt discussions over the summer, which I felt were poorly attended and orchestrated in such a way that—not to fearmonger, as you might have suggested—some of the constituents are left somewhat confused on that consultation, which will result in legislation. Some are still uncertain in Durham

region, for instance, whether or not Brock, which is part of Durham region, is in or out of that area. That's an important question.

Actually, Bill 26, the freeze on development and that, has caused great chaos in Durham region. In fact, building lots have gone up by as much as 30%. There are a lot of growth pressures in Durham region. I'm not advocating encroachment on agricultural land, but this is where Bill 26 and the greenbelt legislation have caused some difficulty, certainly in high-growth areas.

Then, when I look at the greenbelt, I know agricultural use or activities are permitted uses. Nutrient management and source water protection and all these threatening future concerns are sort of a backdrop to their concern about property rights issues. It's more and more encroachment through all the things I've mentioned, some within your ministry and some not.

You may want to clarify the role of currently licensed aggregate operations. They may not be operational, but certainly on the moraine, the moraine is a large gravel pit, basically. It was the shores of Lake Iroquois at one time. That's my understanding, anyway.

I've heard people in my own riding, both landlords and tenants, saying they can see that rates have really never been higher in some areas. The market itself will—in fact, I can say from my own experiences that I'm finding that rents are coming down. They're a function of the brisk economy and adequacy of inventory with housing. People are making the choice, with low interest, to go to paying a mortgage as opposed to renting.

Is there any possibility, in your review of rent control, to recognize the good work that was done during our time to implement a regime in rent control that allowed for the inventory of available rental stock or inventory to be built up and housing supply to be at adequate levels to allow additions, as opposed to government-mandated annualized increases? Would you have some reflection on vacancy rates by area? Because it varies for areas across the province, whereas one uniform increase based on some kind of rent guideline is somewhat suspect.

I'm going to leave most of the time for my colleague. I have one last question. I know this doesn't come under your jurisdiction, but they are municipal affairs and housing. Assessment in rural and agricultural areas is a huge issue, big time. I know it's the Ministry of Finance, but I know that with your generous background as a municipal person, AMO, and mayor of Kingston and all that, you would know this is a timeless, ageless problem, really.

Do you have any thoughts you might share with the committee as the Minister of Municipal Affairs and Housing, with the assessment base being the only source of revenue for municipalities and the tinkering that's gone on with assessments and tax rates? The taxpayers themselves are basically confused now, because municipalities are blaming the province that the assessments have gone up. That's a true reflection of the current value assessment system.

What hasn't happened is they haven't understood that the municipalities still set the tax rate. The two are

separate. You, as the minister, are in a key position here and are not helping, in my view. The municipalities are blaming you now. They used to blame us, saying, "Well, it's their fault for this assessment system. That's why it's going on."

You aren't explaining to them that really it's the tax rate that's set regionally, locally and provincially by the school component, I guess. You might want to say something about that on the record. I think it's an important dilemma, now that you face the gas tax being a new revenue source. I don't know how many hooks and tethers will be on that new source of revenue and how you're going to control it. Municipal transit—it could be anything from access to rural properties, I suppose.

Have you got anything to say on where I'm going to find the \$85 million, the rent control, and basically the planning and greenbelt legislation, leaving a bit of time for Mr Hudak?

1650

Hon Mr Gerretsen: You've raised a number of interesting issues. First of all, with respect to housing money or the capital money, you will not find that in this budget. That's in the Ministry of Public Infrastructure Renewal. He is negotiating both the infrastructure agreements and the housing with the federal government. The parts of the housing envelope, as it were, that's contained within the Ministry of Municipal Affairs and Housing, are the program sides of housing, the tenant protection side of housing and the various policy areas relating to housing. Once the money is meted out, and that hopefully will be part of the affordable housing program, then the Ministry of Municipal Affairs and Housing will in effect manage the housing portfolio as such. But you will not find the capital money in this.

It's interesting that you mentioned the aggregate operations, because I think the Greenbelt Task Force had a number of recommendations in that regard that I believe have been well received by the aggregate industry.

Basically, what the task force did by going around the province of Ontario—and I can't remember a committee, by the way, that worked as hard as these people did. There were 13 people from a broad spectrum of society, from environmentalists to a farmer to somebody from the development industry, a builder and a municipal person. They literally met on a weekly basis for a good 20 or 30 weeks. They had a number of public hearings, I would say about 10, clear across the area they were studying. They came up with some very solid recommendations that are now being used in order to come up as principles, the guiding principles, as it were, for the new greenbelt legislation.

Brock was in the study area. It was identified in the platform document we ran on during the election as an area we would be looking at as a potential for the greenbelt. As to whether or not it will be included in the final greenbelt legislation, I would just say wait and see until the legislation comes forward, hopefully soon.

I always find the question of rising residential property costs, or at least vacant land, urban land costs, an inter-

esting one. The moratorium is on for a year and will automatically come off on December 15 unless a new piece of legislation relating to the greenbelt is in place.

Our studies, other independent studies and even the UDI studies clearly indicate that there is still plenty of land available for development purposes within the urban envelope. There may be a lot of reasons as to why lot prices went up during that period of time, but I would disagree with attributing all that to the fact that the moratorium was on the greenbelt area. But people have different opinions on that. I know there were still lots of developable land available during that period of time because the greenbelt study area did not affect land that was previously within an urban envelope in any of the municipalities.

As far as MPAC and assessment is concerned, you're so correct that it's not within the Ministry of Municipal Affairs and Housing. It's within the Ministry of Finance. I can tell you that any questions relating to that would be much better answered by him. But certainly we get a lot of inquiries about it and we try to deal with them.

I believe that MPAC has made some changes that will make the system more readily explainable to individuals. It's a concern to a lot of people, I agree.

Mr Hudak: Thank you, Minister. The minister followed up on his earlier commitment to ensure that the details of the land exchange, swap, are made public in the near future, as soon as the parcel related to Uxbridge has been completed.

Chair, I did want to follow up on some questions to Mr Kozman, if I could have Mr Kozman come forward again, please.

Hon Mr Gerretsen: Mr Kozman.

Mr Hudak: I apologize, Mr Kozman. Just call me Hudak, or much worse if you want. I've been called a lot worse. Mr Kozman, I do apologize. Thanks again for coming forward.

Just a while ago we spoke about how you came to the \$1-billion assessment of the potential costs of Dalton McGuinty's keeping the promise he had made. You gave us the undertaking of getting some of the information back to the committee so we all could understand where that came from. When did you prepare that particular document?

Mr Kozman: My recollection was the fall of last year; I think October, November or something like that.

Mr Hudak: But when?

Mr Kozman: I don't know specifically the date we would have done that. I'm guessing October something.

Mr Hudak: I think the process is pretty natural that when a new government comes, in the civil servants look at the expected costs of the government's commitments and then start making some central plans and advise the ministers once they're sworn in. So I think it's very reasonable just shortly after the election. When did you have a chance to make the presentation to the minister or the minister's staff on that costing?

Mr Kozman: I don't recall the specific date.

Mr Hudak: Around the same time?

Mr Kozman: I can't remember if it was part of a process that was being rolled up at the centre, if we would have provided it in that context. I wouldn't know the specific date as to when we would have briefed the minister or his staff on that.

Mr Hudak: Do you have that? Is that available in the schedule in terms of when the minister was briefed about the costs of the Oak Ridges moraine promise? I'm asking you a tough question. I know you won't have that at hand at this point in time, but can we get an undertaking—you do recall the meeting; it did occur—when that meeting actually took place?

Mr Kozman: There were a lot of meetings at the time. We would have been briefing them on a number of issues. I don't recall the specific date. I suppose we could go back and look at the schedules and see if it's possible to find it.

Mr Hudak: I know it's work and it's difficult to remember. I'm asking you a kind of unfair question on the spot, but if you have a chance to go back on your records and let us know when the minister was made aware of your costing on this particular promise—did you have a chance to brief the Premier or members of the Premier's office on this particular costing?

Mr Kozman: I did not directly brief the Premier; no.

Mr Hudak: And did the civil service or municipal affairs brief the Premier or the Premier's office staff on this particular—

Mr Burke: I'm not aware of this ministry doing it, but in my previous ministry I know we did not.

Mr Hudak: At MNR? Are you aware, did the Ministry of Municipal Affairs staff have the opportunity to brief the Premier or the Premier's office staff on this particular costing?

Mr Burke: No, I am not aware of that.

Mr Hudak: Mr Kozman, you're the contact on a couple of press releases that were made with respect to the exchange agreement dated back on September 23, 2004. In that, you have similar language to the minister in terms of when you're going to make the particulars around the deal public. When this release went out, had basically the parcels of land been agreed to between negotiators, the exact exchange of parcels in Seaton for the exact exchange of parcels in the Pickering area?

Mr Kozman: What was announced was that an agreement had been reached, and in fact the minister signed the agreement on that date, September 23. That agreement does provide for—there was a map, I believe, released which specifically shows in a broad sense the lands that would be going to the owners in Richmond Hill. I just want to point out that there were 1,275 acres of land out in Pickering that would be going to the Richmond Hill owners.

Mr Hudak: OK. So the developers, the six that we call the Richmond Hill landowners, knew generally what parcels of land they were going to be receiving in the Seaton area?

Mr Kozman: That's correct, and that's why there was a map put out that shows the lands that would be going to the Richmond Hill owners. I think it's important to point

out that there is still a class environmental assessment process that the Ontario Realty Corp is running that will actually bear out the specific lands that would go, but generally the lands that are identified in the map that was released on the 23rd would be going to the Richmond Hill owners.

Mr Hudak: There was one thing I didn't quite fully grasp from your press release. What is the role of the class EA in the land determination?

1700

Mr Kozman: Under the Environmental Assessment Act, if the province disposes of or acquires land—provincial land in this case, in Pickering—there is a requirement to comply with the Environmental Assessment Act. In this case, the Ontario Realty Corp is doing something called a category C class environmental assessment. The purpose of that is to look at social, economic and environmental issues associated with the undertaking. In this case, the undertaking is the acquisition of land in Richmond Hill and the disposition of provincial land out in Pickering.

Mr Hudak: Roughly, again—you probably won't have the exact date. Roughly, when did the Ministry of Municipal Affairs announce that they were going to make an attempt to stop the 6,600 houses? I should phrase that better. There is a formal release from the ministry that said they did not accept the current deal and they were going to negotiate a better deal.

Mr Kozman: I believe there were comments that the Premier made back in October. It came out of a speech that he was making. I think it was October 16, actually, that he made that comment.

Mr Hudak: So around the time of October 16 or so, what was the status of the negotiations between the landowners and the swap in Seaton? Had they already pretty much determined what parcels of land in Seaton were going to be exchanged for the Richmond Hill—

Mr Kozman: We were in the process of negotiating, in the lead-up to the election, the actual exchange of land that was going to be occurring with the Richmond Hill owners. We had not at that time come to an arrangement, either, with the Uxbridge owner.

Mr Hudak: How far along were you with respect to the Richmond Hill landowners?

Mr Kozman: Fairly well advanced.

Mr Hudak: The change, I guess, from October to the announcement of the land exchange agreement of September 23, 2004, was that an additional how many acres in Pickering would be saved?

Mr Kozman: What we did was basically look at the 47 additional acres up in Richmond Hill that were covered by the minister's announcement in November 2003. We wrapped that in, and the total amount of land up in Richmond Hill was 1,057 acres that you're exchanging for 1,275 acres out in Pickering.

Mr Hudak: If you go back to 2003, if you take out the additional 47 acres in the Richmond Hill area—so you would have 1,153 acres—what was the exchange of land, then, in the Seaton area? How many acres?

Mr Kozman: For the lands preceding the government's announcement?

Mr Hudak: Yes. If we go back to October 2003, before the government announced that they were scrapping that deal and wanted to take a second look at it, what was the amount of land that had been agreed to in the Seaton area?

Mr Kozman: I don't recall the specific amount of what that would have been. There would have been an amount that we had in the discussion in the negotiations, but I don't recall specifically what it was.

Mr Hudak: Is it documented?

Mr Kozman: There would be a progression and evolution of the negotiations, but again, one would imagine there would be some confidentiality issues there because we were operating in the context of a protocol between the parties that it was basically confidential information among the parties in the negotiations.

Mr Hudak: I know, and you don't want to release the details of the report until after the Uxbridge situation has been dealt with. But you said earlier that you were aware of the quantity of land that had been agreed to back in 2003. I'm not asking which landowner is getting which pieces or anything like that—I appreciate that you want to announce that later on—but I'd like to know the quantity.

Mr Kozman: And I'll have a discussion with our legal folks about the disclosure of that and how that would fit in the context of this confidentiality protocol that governed the negotiations.

Mr Hudak: Chair, I do think it's quite important for the committee. What is the price of the Premier's broken promise? The impact is that there's an additional 47 acres in the Richmond Hill area. How much did the Premier have to give up in Seaton as a result of it, how many additional acres of land? Again, I'm not asking for the specifics or the specific landowners at this time. I'd just like to know what the quantity was, and obviously, the government does know that. The ministry does know what quantity had been agreed to in 2003. I think, as part of our estimates committee, Chair, we should similarly have that number at our disposal.

How does your arbitration process work?

Mr Kozman: There's an act called the Arbitrations Act which sets out a legal framework within which parties that can't come to an agreement among themselves can choose an impartial, additional outside party to try to come to an agreement for them.

Mr Hudak: Has it been utilized yet as part of the Oak Ridges land swap?

Mr Kozman: No, we've not had to do it, and I think the government's announcement on the 23rd gives testimony that we didn't have to do it in the context of the Richmond Hill owners. As you've heard the minister refer to the remarks from the fairness commissioner, it may be a possibility with respect to the Uxbridge owner.

Mr Hudak: Do both parties have to trigger it, or can one party trigger it? Do they have to both agree to the arbitration?

Mr Kozman: One party can ask for it and invoke it.

Mr Hudak: We can get back to this, Chair, later on, but I just wonder how much time needs to pass, because this is the trigger. Before this is publicly released, evaluate the swap so taxpayers themselves can decide what was the cost of Dalton McGuinty's broken promise. Before they can figure this out, which may be up to \$1 billion, which was the original estimate, how much additional land was sacrificed for Dalton McGuinty's broken promise?

They're not going to know until—the minister's holding this back until the Uxbridge situation is decided. So I wonder if the government would contemplate triggering the arbitration to try to get to the end of this long, drawn-out process so that we can make public the details around this particular deal. Has there been advice given to the minister to trigger the arbitration process?

Mr Kozman: Yes.

Mr Hudak: And the decision was made by the minister not to trigger the arbitration?

Mr Kozman: No. The decision was made that, in the context of negotiations, if we could come to a mutually agreeable place with the Uxbridge owner, arbitration was certainly an option to pursue.

Mr Hudak: So aside from the EA, which will work around some of the edges—this is process—generally, the land in Seaton has been decided upon for the six Richmond Hill owners. We know the general thing. So no matter what the decision is for the Uxbridge landowner, it doesn't impact the Richmond Hill exchange for land in Seaton.

Mr Kozman: Because there is an agreement between the government and those owners at this point in time, but there's additional land. As the minister pointed out, I think, in his opening remarks yesterday, less than 25% of the land in Seaton is what's notionally going to the Richmond Hill owners as part of their agreement with the government.

Mr Hudak: No, I understand. I guess the point I would make is that the deal is done with respect to the Richmond Hill landowners and what they get in Seaton. The government saved 4,700 extra acres in Richmond Hill, and they've given up right now an unknown quantity in Seaton as a result of that.

I guess I don't understand. If the Uxbridge situation is unrelated to the Richmond Hill owners, it won't impact. Their land is pretty much decided, aside from the EA. Why is the minister hiding behind the Uxbridge agreement? Why don't you just put forward the deal with the six Richmond Hill landowners, since it's already been decided? Why are you delaying this until the spring? Why don't you come forward and let us know exactly what those details are?

1710

Hon Mr Gerretsen: We're not delaying anything. It was your protocol, sir, that you signed originally with the Uxbridge owners and with the Richmond Hill owners that basically stated that a lot of these negotiations would take place in private. It was your protocol that you—

Mr Hudak: Sure, and you've decided for the six.

Hon Mr Gerretsen: Just a minute now. Hold up now.

Mr Hudak: But you've decided for the six.

Hon Mr Gerretsen: You asked a question—

Mr Hudak: So why don't you bring those forward?

The Chair: Mr Hudak, he's answering the question.

Hon Mr Gerretsen: We're following your protocol, and as the fairness commissioner states on the final page of his letter, it would simply not be wise, from the taxpayers' viewpoint, to start making those documents available right now, because it may very well impact—

Mr Hudak: Where does the commissioner say that? I've got the page open, Minister. Where does the commissioner say that?

Hon Mr Gerretsen: If I can't even finish a sentence, you know—

The Chair: One at a time.

Hon Mr Gerretsen: It may very well impact the negotiations with the Uxbridge people. But I can assure you that once that is over and done with, you'll be able to look at all the documents, including the protocols with respect to the negotiations that you signed when you were in government.

Mr Hudak: But, Minister, you just said that the fairness commissioner, on the last page of his document, talks about the impact on the taxpayers from bringing the reports forward separately. I don't see that. I've got page 6, which is the last page of the Houlden report, open in front of me. He says that he'll comment when the Uxbridge situation is completed. I don't see here the words that you tell me are written on the page with respect to the impact on taxpayers, nor is the fairness commissioner saying to hold off.

Maybe I'm misreading it, but could you quote for me where he talks about the impact on taxpayers, as you just said?

Hon Mr Gerretsen: Well, where he states, "It would be my recommendation that if a land exchange proceeds with that owner"—that's the Uxbridge owner—"consideration be given to application to that owner of the principles contained in the arrangement with the Richmond Hill owners."

Mr Hudak: Sure, it's the same deal that should take place for—

Hon Mr Gerretsen: Exactly. In fairness, for that process to take place, we want to not negotiate that particular arrangement in public.

Mr Hudak: But that's not what you said, Minister. You said that the fairness commissioner talked about the tax considerations of reporting on those things separately. It doesn't say that. It says the same principles should be applied. Fair enough. You treat one developer the same as you treat the other six. I'm not disagreeing. You just said there's an impact on the taxpayers from doing these separately. But where does the fairness commissioner state what you said he said? Because he doesn't.

Hon Mr Gerretsen: He said the same principles should apply, and one of the principles that—

Mr Hudak: You talked about the taxes—

The Chair: One at a time.

Hon Mr Gerretsen: I did not say anything about tax—

Mr Hudak: Look at the Hansard. That's what I heard.

The Chair: Final question.

Mr Hudak: Minister, I'll ask you, the fairness commissioner doesn't, as far as I can tell—I'm sure you'll correct me if I'm wrong—say anything about making sure that the Uxbridge deal and the Richmond Hill deal are reported on simultaneously. I understand from staff that you have no intention right now of triggering arbitration. This could drag on for some time.

I think people in this part of Ontario want to know, and I think taxpayers want to know and I certainly know that those who have been critical of this deal want to know, the details behind the land exchange swap. They want to know how much Dalton McGuinty's broken promise—to sweeten the pot, what is the cost of additional land in Seaton that has been given up as a result of Dalton McGuinty's broken promise? They want to know. You have no reason to keep that back. There's not an impact on taxpayers cautioned by the commissioner. He doesn't say to do them simultaneously. Why don't you just go ahead, release the report on the six Richmond Hill land swap in Seaton and do the Uxbridge one when it's completed?

Hon Mr Gerretsen: I've given you my answer on that.

Mr Hudak: You didn't give an answer.

Hon Mr Gerretsen: Yes, I did. I said that one of the principles is the fact that you want to negotiate in private.

Mr Hudak: But you can continue to negotiate the Uxbridge one in private—not telling you not to.

Hon Mr Gerretsen: Along the same principles that were negotiated with the other individual, and that was done in private, so the next should be done in private. You'll be able to get your documents in due course.

The Chair: I'd now like to recognize Mr Prue.

Mr Prue: I'm going to go to shelter allowances. I don't think you've talked about that yet. I'm just wondering what happened to them. I tried to write down all of the 10 things you set out in your initial statement, and I didn't hear shelter allowances.

The Liberal platform—I'll quote this and give it to Hansard later—said, "We will establish a housing allowance for low-income families, as recommended in the Golden report. It will provide direct, immediate housing relief for 35,000 families." What are the ministry's plans for this housing allowance? Is it a dead deal or are you proceeding with it?

Hon Mr Gerretsen: It's a platform commitment. We certainly intend to keep it within the terms of our mandate, and sooner rather than later, because certainly, as you and I know, the people at the bottom end of the economic scale need some financial help to meet their rent obligations. We all know the statistics, that a lot of people pay more than 50% of their monthly income on rent. That's certainly something I don't support and our party doesn't support, so we will deal with that.

We have provided some help through the rent bank, which has gone over extremely well with the municipal

housing service providers—\$10 million, which basically increased the amount of help tenfold for rent bank contributions across the province. I believe \$1 million was spent on rent bank help before. Now it's close to \$11 million. It's to help those people who are involved in an emergency situation and who need some help to tide them over so that they don't get evicted.

Mr Prue: I have questions about the rent bank. If you'll bear with me, I'll ask those later. Right now I'm asking about the shelter allowance. There was nothing contained in the budget. Are there plans that the whole concept of shelter allowances be introduced prior to or after the changes you're going to be bringing forward on the Tenant Protection Act?

Hon Mr Gerretsen: Are they part of the Tenant Protection Act? No, they're not, they're stand-alone.

Mr Prue: No, I don't think they're part of it. Are you bringing forward your shelter allowances prior to or after the Tenant Protection Act?

Hon Mr Gerretsen: That remains to be seen. We'll be making an announcement, hopefully in the near future, on both of those issues.

Mr Prue: The reason I'm asking that question is—I think I attended only one of your many meetings across the province and I'm not even sure it was called by you—the landlords repeatedly said that the freezing of the rents or putting caps on rent increases wasn't working and that the real need was shelter allowances. They said this over and over. I think every single person who stood up said that.

What I'm trying to ascertain is, where are you, as the minister, going? Where is this government going? You have two very different promises. We expect to see how that pans out with the Tenant Protection Act. Are you going anywhere with the shelter allowance?

Hon Mr Gerretsen: Yes.

Mr Prue: OK, that's the plan. How much is that going to cost?

Hon Mr Gerretsen: I believe we estimated at the time in our platform commitment that we wanted to help 35,000 high-need working families. I've forgotten exactly how many—

Mr Prue: It was 35,000 families.

Hon Mr Gerretsen: Yes. We were talking about \$50 million per year for that program.

Mr Prue: The civil service most recently, and I can ask the civil servants to verify this, projected that it would cost about \$100 million of ongoing funding to provide these allowances as per the Golden report. Is that \$100 million more accurate?

Hon Mr Gerretsen: You'd have to ask them. Does anybody want to answer that? We've allocated \$50 million for the program.

Mr Burke: I believe the \$100 million you're referring to really is the requirement under the 20,000 units of affordable housing.

Mr Prue: Shelter allowance.

Mr Burke: Yes, housing allowance.

Mr Prue: What about the 35,000 families? How much is that going to cost?

Mr Burke: That's the one the minister referred to as about \$50 million.

Mr Prue: All right. That \$50 million: Has there been any activity to try to get funding for this year, or can we expect that the funding would not be made available, at a minimum, until next year's budget?

Hon Mr Gerretsen: We're working on it on a daily basis, because we feel government has a responsibility to the people at the bottom end of the economic totem pole. Certainly people who are paying more than 50% of their rent toward housing need assistance.

Mr Prue: I understand the civil service also projected that the initiation would require a three-year phase-in where you could get up to 35,000. Is that correct?

Mr Barnes: The government has not made any go-forward decisions in terms of how they want to deal with the issue of the housing allowance. As a result, I can't really answer your question.

Mr Prue: So you've received no instructions from the government as to how they want to do this?

Mr Barnes: That's a decision the government will make in due course, I'm sure.

Mr Prue: Have you made recommendations as to whether it should be phased or not phased?

Mr Barnes: I don't think that advice to the government or to the minister is something I can discuss at this time.

Mr Prue: All right. That's fair enough.

Let's switch this a little. You started to talk, Minister, about the provincial rent bank program. You used the figures of \$10 million and \$11 million. Is that how much is budgeted for this year?

Hon Mr Gerretsen: It's \$10 million. I believe that at the time the existing rent banks, province-wide, amounted to \$1 million. Some service providers had no rent bank program at all. It's my understanding that with the addition of the \$10 million that was made available to the 47 service providers in Ontario, all of them—I stand to be corrected on this—have signed up for the rent bank program now.

Mr Barnes: I believe we have a few outstanding, but all will be signed up before the end of October.

1720

Hon Mr Gerretsen: The money has been allocated on the basis of using a particular formula so that the different rent banks, depending on the number of people in particular areas, have different amounts of money.

Mr Prue: The civil service—my understanding, and again, I hope my lowly staff is correct—my limited staff, not lowly; they're exalted—has estimated the cost of implementing a successful rent bank program would require a \$30-million initial investment and ongoing of \$7 million a year to replenish the fund in the bank. Is that correct? Is that what the civil service says is going to be needed for these 47 constituencies?

Mr Barnes: As far as I know, in our housing division the answer is no.

Mr Prue: As far as you know, that's not what you say is needed? How much is needed?

Mr Barnes: We came forward with a program in terms of what the government had committed to, and that is the program that we have.

Mr Prue: All right. So is this a limited program?

Mr Barnes: We endowed municipal service managers with a \$10-million program. In terms of how they are distributing or will distribute the money, we have yet to see what we need, or at what stage that will be depleted and will need to be replenished. So in that sense, we have set up a tracking system as part of the conditions on the rent bank. Municipalities will report to us on an annual basis as to the take-up, if they are using it as a loan program, how much they've recovered and what the net position is of their individual rent banks. At that stage we'll be in a far better position to evaluate and determine what kind of replenishment might be required.

Mr Prue: What percentage are you looking at in terms of default? How many applications that are made or given out will be defaulted?

Mr Barnes: We've built into the program a lot of flexibility for service managers. Some service managers like York region do not do it as a loan program; it's a grant program. So in that sense you can claim it's all in default. We know that the recovery rate in Toronto is in excess of 50% right now in terms of their existing rent bank, and we will see how that proceeds.

Mr Prue: My understanding, and again, this is a little bit of research done, that the Waterloo region, to give an example, has been funding a rent bank since 2002. In that period they provided 244 loans, of which 21 have been repaid in full, two have been written off and 69% of payments are made monthly and appear to be ongoing. But the default rate is around 31%. Would that be what the civil service anticipates? I think that's the best documented. You've said Toronto is at 50%.

Mr Barnes: That's right.

Mr Prue: And Waterloo region is at 31%?

Mr Barnes: I believe that is the number for Waterloo.

Mr Prue: What are the other municipalities? What's the default rate? Because if it's \$10 million and you're losing \$5 million off of that, that has to be replenished year after year. I just need to get a handle on how many people are taking opportunity of it and how many are defaulting.

Mr Barnes: First of all, the level of clientele which is actually being served by the existing rent banks—we're establishing new rent banks—is, in a given year, not one which will use all of the \$10 million. So the take-up is not there. The service managers—or they've contracted it to agencies like the Salvation Army to run them and so on—have a different approach in all communities in terms of how they want to go about the actual evaluation of clients. They want to make sure that this is something that is going to help the client as opposed to the client needing a more permanent fix, whether the individual needs broader income supports or should be in social housing. So there's a variety of issues that the service managers themselves have to deal with in terms of

evaluating whether the individual will receive funding from the rent bank.

My understanding is that in Toronto last year—so they would be the largest rent bank—they provided successful bailout assistance to about 1,700 families.

Mr Prue: The 47—are they municipalities that you're talking—

Mr Barnes: They're service managers, so the responsibility—in cases like Toronto, it is the city of Toronto. In cases where we have a county, it's the county government and, in northern Ontario, it's the social services administration board. So geographically the province is divided up into 47.

Mr Prue: Into 47 units, so that every single place is covered?

Mr Barnes: Yes.

Mr Prue: OK. That's good.

Let's go on to rent control. I didn't know whether to bring this up, but you brought it up twice, Mr Minister. I realize that a bill is coming forward, perhaps as early as next week, perhaps as early as next month. At some stage down the pike, before Christmas, we expect to see it. Is that fair?

Hon Mr Gerretsen: That's fair.

Mr Prue: Yes, and it's also pretty fair, I guess, that you cannot be too specific because you can't divulge what's in that bill, and you're not about to anyway at this committee.

Hon Mr Gerretsen: That's fair.

Mr Prue: That's fair too. Maybe you can answer or maybe you can't, but I'm going to try anyway. You were elected on a platform of bringing back real rent control. We all saw Mr Urquhart's article in the Star about a week ago—

Hon Mr Gerretsen: Monday, just this past Monday.

Mr Prue: —Monday—in which he talked about the dichotomy you face, and I think, quite frankly, he's right; you face a huge dichotomy. I'm going to be very interested in seeing exactly how the government proceeds, because I don't think you can satisfy the two diametrically opposed spheres, being the tenants on one side and the owners on the other. But leaving that aside, whatever you do is going to cost some additional monies to your ministry in terms of implementation. I think the civil service estimated it was going to cost somewhere between \$20 million and \$40 million to implement a new Tenant Protection Act. I don't have any other name to call it until I actually see it, so I'm going to call it that. No, I shouldn't call it that; it didn't protect tenants.

Hon Mr Gerretsen: Well, you should call it that.

Mr Prue: No, a new landlord protection act then.

Hon Mr Gerretsen: No, you shouldn't call it that. It's going to be a Tenant Protection Act.

Mr Prue: Well, the old one wasn't a Tenant Protection Act. If ever there was a misnomer, that was it. It protected everyone except the poor tenant.

But is that a fair estimate, that it's going to cost some \$20 million to \$40 million to implement?

Hon Mr Gerretsen: I guess it will depend on what the legislation will say.

Mr Prue: Well, have you set aside any money to implement this new act?

Hon Mr Gerretsen: We set aside some money for the extensive consultation that took place, in which we listened to thousands of individuals, landlords and tenants throughout the province. Brad Duguid, my parliamentary assistant, did an excellent job in travelling around the province.

Mr Prue: Yes, but all that money's spent. Is there money set aside to implement a new act and, if so, how much?

Hon Mr Gerretsen: Well, if a new act is passed—first of all, if it's introduced and if it's passed, once it goes through the legislative process—then obviously, when it's implemented, there may be some costs involved with that and those costs will have to be borne by the government. As to when exactly that will happen, we'll only know once the act's been passed.

The Chair: Minister, is there an item in these estimates, in these line items, to which your staff have put aside funds to accommodate, and if that—

Hon Mr Gerretsen: There was money set—

The Chair: First of all, your answer is absolutely appropriate, because if you don't have legislation you really can't be showing a line item for it. However, if your staff has identified a line where the funds will come from or if you've put aside funds, I think that would satisfy Mr Prue's question.

Mr Prue: Yes, that's where I was going, Mr Chair. Perhaps I was not articulate enough.

Hon Mr Gerretsen: There is money in there for the development of the legislation, which would include the consultations that took place and the costs that are involved with that ongoing process.

Mr Prue: And how much money was put aside and how much is still left?

1730

The Chair: The page and the line would be helpful, since we're dealing with line items. If anyone could be helpful to point that out for Mr Prue, that would be good.

Hon Mr Gerretsen: It's so unusual to get a question on the actual estimates that we have to look around for it. There's an amount of \$27,887,700 on page 111, which has everything to do with residential tenancy, so it would also include, obviously, the cost of the individuals who work for the tribunal. There are a fair number of those individuals who work both within the ministry and of course the officers who work throughout the province.

Mr Prue: Can anyone give me even a round figure of how much is left to introduce on its own merit and what has been budgeted? If and when a new Tenant Protection Act is introduced—and you've said it will be introduced in a week or definitely by the end of the session, and I'm taking you at your word—how much is left?

Hon Mr Gerretsen: I didn't say a week. I said it would be within this legislative session—but sooner rather than later.

Mr Prue: Yes, sooner rather than later. I think you were referring to the swearing-in—

Hon Mr Gerretsen: But we wouldn't want you to pin me down to a specific date because our House leader wouldn't like that kind of thing.

Mr Prue: No, you were very clear that it would definitely be by the end of the session and you hoped by the first anniversary of the swearing-in, which is about a week or 10 days or something from now.

Hon Mr Gerretsen: If you go to page 120, there is a whole series of numbers that starts off with \$402,000 for "Increased funding to support residential tenancy reform, and affordable housing initiatives." So part of the \$402,000 would be for the residential tenancy reform aspect. And then there is another \$272,300 within explanatory note 4, which is also "Increased funding to support residential tenancy reform and affordable housing initiatives." So part of it would be for that. Also, within item number 2 is an amount of \$37,100.

Mr Prue: Trying to do the fast math, that's not a lot of money left. If there's—

Hon Mr Gerretsen: But you've got to remember that most of the implementation of a new act will take place in the next fiscal year, which will start on April 1 of next year. Even if a new act is passed by the Legislature by the end of December and proclaimed, you wouldn't start to get it operational until, I don't know, sometime in the winter.

Mr Prue: That was where I was going with all of this. Even if a new act is passed, more quickly rather than more slowly in this particular session of the Legislature, it is not likely, given the amounts of money available, that it would be implemented until the next fiscal year.

Hon Mr Gerretsen: No. If a new act gets passed and gets proclaimed and funding is required to make the new act operate, money the ministry doesn't have right now, we would have to approach Management Board for additional funding, which is done on a weekly basis by different ministries for different purposes.

Mr Prue: Thank you. Do I still have time, Mr Chair?

The Chair: You have one minute and a half.

Mr Prue: OK. Let's try to explore this one. This is a complex issue but maybe it's fairly simple. In your opening statement, you talked about giving municipalities additional power, particularly the city of Toronto, to be involved in the whole question of immigration. That is something which is a mutual jurisdiction between the provinces and the federal government and involves cities. Is it just the city of Toronto that you're giving this authority to or are you extending this to other municipalities and, if so, which ones?

Hon Mr Gerretsen: What has currently happened, as you probably know, is that the Minister of Citizenship and Immigration brought the city of Toronto to the table when new agreements were negotiated with the federal government. I think the city of Toronto officials were appreciative of being included in that because immigration is a large issue in Toronto.

As a result of the new memorandum of understanding that has been signed with AMO, we are prepared to discuss immigration or any other issue with AMO, with any individual municipality and with the city of Toronto. Obviously, the only municipalities that would have an extensive interest in it would be those municipalities that are affected by a large increase of immigrants to their municipalities. Some municipalities may be affected to a much greater extent than others.

I think the Minister of Citizenship and Immigration is really the person to talk about this, but as a government, we feel that it's very important to bring municipalities onside, particularly with respect to programs, whether they're federal or provincial programs, that affect those municipalities. That's the whole tenor of the new relationship that both the province and the federal government, as I understand it, are talking about in making municipalities greater partners in all of these endeavours that mainly play themselves out within municipalities.

The Chair: I'd like to recognize Mrs Cansfield.

Mrs Cansfield: I have a couple of questions about the Oak Ridges moraine, but if you'll bear with me, sometimes it's helpful to have some history in order to understand the present circumstances and, because I'm new, I wouldn't mind if I could have a little bit of that history.

It indicates in here that the corporation was reactivated in early 2002 and a new board was appointed. Was there a mandate given, and why was it reactivated?

Hon Mr Gerretsen: I can't answer that, but if one of the officials here wants to answer that—it's my understanding that the North Pickering corporation has been around for years and years, probably going back 30 or 40 years.

Mrs Cansfield: It indicates that here, and that actually it has been inactive between 1998 and 2001, and then suddenly it was reactivated early in 2002 and a new board was appointed. I was curious as to why it was reactivated.

Hon Mr Gerretsen: Perhaps Mr Kozman can answer that.

Mr Kozman: The answer to that is relatively simple and straightforward. Following Mr Crombie's announcement in November 2001 that a deal had been reached between the government and certain owners on the moraine, the decision was made to reactive the corporation because there would need to be work, led by our team, to negotiate the details of that. At the time, the broad skeleton of a deal had been announced by Mr Crombie, but there still needed to be a significant amount of detail and negotiation in terms of what lands in Pickering would be given up and other—it's a relatively complex real estate transaction.

Mrs Cansfield: Who did Mr Crombie work for?

Mr Kozman: Mr Crombie would have reported to the previous government.

Mrs Cansfield: So Mr Crombie was appointed by the previous government to negotiate or instigate a develop-

ment between the government and some developers. Is that correct?

Mr Kozman: That flows out of some relatively high-profile OMB hearings that were going on that commenced in 1999 and bled into the previous government's introduction of legislation in 2001 to protect the moraine. The first legislation, which was in May 2001, was to essentially call a time out with respect to development applications that were ongoing. Subsequently, later in the year, legislation was put in place, along with what was known as the Oak Ridges moraine conservation plan.

1740

Mrs Cansfield: Those developers purchased the land and they had become part of this, or was there a process in place?

Mr Kozman: As I indicated, there were some fairly contentious and high-profile hearings before the Ontario Municipal Board. There had been development applications launched by the developers on key lands up in Richmond Hill. The province, the region and the town of Richmond Hill were involved; very acrimonious, high-profile, it attracted a lot of media attention. The government of the day decided to try and bring Mr Crombie in, while the legislation was being moved through the process, to try to negotiate an arrangement whereby the parties to that OMB hearing would extract themselves from it and try to come up with an arrangement which would protect a significant amount of land on the moraine.

Mrs Cansfield: Were those details made public?

Mr Kozman: There was an announcement back in 2001 that Mr Crombie had been able to broker a deal. The specific details, I don't believe—no, they weren't released.

Mrs Cansfield: So the details weren't made public. How much of a budget was given to the enterprise? Since it's an operational enterprise agency, what was the budget given to it in 2000?

Mr Kozman: I think in response to Mr Hudak's question, I mentioned that it was \$4.9 million over a three-year period.

Mrs Cansfield: OK. I had the wrong year down. So it was—

Mr Kozman: It was \$4.9 million over three years.

Mrs Cansfield: Was all the budget spent?

Mr Kozman: No. We're still in the final year and, as I indicated to Mr Hudak, it's unlikely that we're going to be spending all of that \$4.9 million by the end of the fiscal year, which is March 31, 2005.

Mrs Cansfield: You're not over budget. You're within the amount that was allocated to deal with the issue.

Mr Kozman: Yes.

Mrs Cansfield: The other question I had is, it said a new board of directors was appointed. What was the old board like?

Mr Kozman: I believe the board has always been comprised of senior civil servants from the government. What I think it refers to in there is that it was just different people who made up the board. But it has always

been, as far as my understanding is, senior civil servants from our ministry. In this case, we also have a senior civil servant from the Management Board Secretariat as well.

Mrs Cansfield: Were there any other land deals that were negotiated, other than this?

Mr Kozman: No. The only other land exchange that was discussed, as I referred to earlier, was with an Uxbridge owner.

Mrs Cansfield: Just the two. You wouldn't know, I guess, in the previous years, what was exchanged or what was negotiated?

Mr Kozman: In which previous years?

Mrs Cansfield: It's been around, as the minister said, since 1975.

Mr Kozman: But recall, the corporation was set up—the lands in Pickering, and actually in Markham and Toronto, were expropriated back in the 1970s to create a community of 250,000 people to support what was anticipated to be an international airport. Different parts of those lands have been disposed of in different ways. You have lands in Markham that have become the community of Cornell; you have lands in Toronto that have become part of Rouge Park; you have some lands in the Pickering portion of the Duffins Rouge agricultural preserve that have been part of a tenant-purchase program. Seaton is the lands that have been looked at and were identified as the lands that would be part of the exchange with the Richmond Hill and Uxbridge owners. The corporation's responsibility goes back to 1975, when an act was created to deal with that big chunk of land.

Mrs Cansfield: So a lot of the land that's there that the government owns is a result of the expropriation for the Pickering airport?

Mr Kozman: The federal government expropriated lands for an international airport. The province expropriated lands to the south, and I suppose also to the west, to create a community that would be complementary to what was anticipated to be a future airport.

Mrs Cansfield: I see. So they were going to create the communities around the airport.

Mr Kozman: That was the expectation. The lands the province had expropriated would become that community of—at the time it was expected to be 250,000 people. Obviously, that's been scaled back considerably.

Mrs Cansfield: I see. Have any of the people been able to get their land back?

Mr Kozman: As I indicated, there was a tenant-purchase program commenced, I believe, back in the late 1990s and it's still ongoing with respect to the Pickering portion of the Duffins Rouge agricultural preserve. Some of the original owners of those lands continued to be tenants of those lands and lands were sold back to them.

Mrs Cansfield: From the federal government or from the provincial government?

Mr Kozman: I'm talking specifically about the provincial land holdings.

Mrs Cansfield: So that all of the provincial land holdings, there's still this ongoing tenant program that

they can purchase back their land if they're an original tenant?

Mr Kozman: Only in respect of the Pickering portion of the Duffins Rouge agricultural preserve. The province is still the landowner for the Seaton lands, which comprises about 7,800 acres of land.

Mrs Cansfield: So how much land is left?

Mr Kozman: In Seaton, it's approximately 7,800 acres—let's say 8,000. I believe there's some land on the Markham portion of the Duffins Rouge agricultural preserve that the province still owns as well. I don't know the exact amount.

Mrs Cansfield: What do we do with the land? Does it sit fallow? Do we farm it? Do we lease it out?

Hon Mr Gerretsen: I suppose as far as the land that can be developed—and at least half of it shouldn't be developed, because it's environmentally sensitive or agricultural, the way I understand it, and that it has been identified through the process that it should be developed at some point in time for residential and employment purposes. I suppose there are people around the table who know a lot more about this than I do. But I suppose it's fair to say that the fact that the land exchange has taken place between the people that owned land in Richmond Hill and now here, something is more likely to happen this time around rather than what the history has been over the last 25 or 30 years.

Mrs Cansfield: That's excellent. So you're actually looking at a far more integrated strategic plan around that land than was previous. Is that what you're saying?

Hon Mr Gerretsen: That is the ODP, which we want to develop jointly with the city of Pickering and the region of Durham.

Mrs Cansfield: This is what you referred to earlier when you were saying it would be the responsibility of the municipalities to sit down and work with?

Hon Mr Gerretsen: They are going to be left with whoever's going to be in charge in those days, and councils do change. They're going to be left with whatever development is finally left, and so, obviously, you want them involved in the process.

Mrs Cansfield: I don't disagree with you. I think what you're saying is that at the end of the day, you've got a plan in place where you're going to protect the sensitive land, you're going to look at redevelopment, including the municipalities and that kind of a development and that it's going to be more strategic than it has been maybe previously.

Hon Mr Gerretsen: In fairness, different people may have different opinions as to exactly how it should be developed.

Mrs Cansfield: Obviously. The comment, though, is that it would still be a fair, open and competitive process in terms of that development.

Hon Mr Gerretsen: As far as the balance of the land is concerned.

Mrs Cansfield: The 3,600 or 3,800 acres, whatever it is.

Hon Mr Gerretsen: Right.

Mrs Cansfield: What would you do? How do you go about doing that sort of thing?

Hon Mr Gerretsen: Let's deal with this issue first, and that's somewhere down the road. That's so far down the road, that—

Mrs Cansfield: Is it?

Hon Mr Gerretsen: Well, I don't know. How far is far?

Mrs Cansfield: I was just curious, because obviously there was a process in the past of how the developers were selected, or not selected, and I know what the process was, and I was just presuming that there would be a far more open and transparent process in this since it's been such an extraordinarily contentious issue.

Hon Mr Gerretsen: Yes, I will agree that it's been a contentious issue.

Mrs Cansfield: I think it's been an extraordinarily contentious issue. Thank you very much, Minister.

Ms Kathleen O. Wynne (Don Valley West): I have two questions: On page 116 of this document that I'm looking at, under the 2004-05 priorities for, I think it's under the social housing branch, there's a bullet point there: "Undertake consultations with stakeholders on policy initiatives such as review of regulations under the SHRA." My understanding is that there are some concerns from the community about the Social Housing Reform Act and how it's been implemented. When we came into office, it actually hadn't been implemented. It's been implemented now. Can you talk a little bit about what that review is? I know we haven't talked a lot about it.

Hon Mr Gerretsen: Let me put it this way: We've certainly met with interested service providers, dealing with different aspects of the SHRA. If I can sort of lump it all together, there is a concern that perhaps, in certain areas, the process as set up within the current act and regulations is too strict. They would like greater latitude.

Ms Wynne: Would you say punitive?

1750

Hon Mr Gerretsen: Well, some of them have said that, but I would say most of the people we've met with haven't put it that drastically.

There are also some good parts to it. I think some organizations look at, for example, some of the joint services that are provided as a result of there being—and one entity to deal with has made it easier for them to extract some savings with respect to programs that would have cost a lot more, such as insurance and things like that.

It's on our agenda to look into this. However, with a lot of the things that we've had going on within the ministry, we haven't been able to get at it as quickly as we wanted to.

One of the things we have done is we've provided the different service providers with not just benchmarks, but we want their views on whether or not the benchmarks—we sent out near the end of June some proposed benchmarks that we wanted them to comment on. This hasn't been done in the past. In the past, I understand, the

benchmarks have simply been set by the government, and each service organization or each non-profit housing provider simply had to live with them, but we wanted their comments before we actually set them.

Ms Wynne: So you set realistic benchmarks?

Hon Mr Gerretsen: We set realistic comments. I think that consultation period is almost over, and we're going to put some recommendations together as to—and also, I would like to see a program that provides a certain amount of latitude within the benchmarking. But you've got to remember that, under the current scheme, a lot of the obligations fall upon the municipal governments, which wasn't the case in the past. We can't be as authoritarian as perhaps this program has been in the past, since the act was first put into force.

Ms Wynne: So will these be mostly changes to the regulations, as opposed to new legislation? Do you know that yet?

Hon Mr Gerretsen: Well, we don't know that yet, but I would imagine so, and Doug Barnes can speak further on that.

Mr Barnes: Thank you, Minister.

The part that I guess we were working on—and this part is what the minister has referred to already. We haven't taken the step forward in terms of a review of the legislation, but mostly around regulations, there's been a fairly significant level of ongoing dialogue. Most of the provider groups and the municipal service managers have made their comments known to us. Most of what they've talked about today are regulatory amendments that they would like to see. The biggest part of it, as the minister has said, deals with social housing benchmarks.

Ms Wynne: Great. Thank you. I'm really glad that's happening, because I have heard a lot of concerns about it.

My second question, just briefly: The issue of the OMB and the changes that might be coming forward—can you talk about what you're doing? We had talked in our campaign, and our commitment was that we would make the OMB a more responsive board to communities. Can you talk about how we're doing that?

Hon Mr Gerretsen: We sent out that consultation document at the same time that we sent out the proposed PPS—provincial policy statement—and the Planning Act reforms as well. We've had comments back on it. I think that the time period for that process ended on either September 30 or October 15—I'm not quite sure—but we're right within the current time factor.

We've heard a lot of interesting comments, whether board hearings should be de novo hearings or strictly appeal hearings. Should they apply to minor variances to the same extent? Should the board, in effect, deal with minor variances to the same extent as they do with major developments?

We've heard a lot about the qualifications of the individuals on the OMB, their length of tenure. Some people feel that the three-year term is simply too short to try to get the best possible people. Should the members of the OMB be subject to some sort of an annual or

biannual performance evaluation? Are the OMB hearings user-friendly enough? Has it become totally a legalistic framework—realizing full well that you have to safeguard the legal rights of the individuals who appear in front of it as applicants or respondents, or simply as interested parties.

We hope, again, to bring in some reforms to the Ontario Municipal Board—I don't think it'll be this fall; it'll probably be next spring some time, to be realistic about it—to make it more user friendly. I know there are some people who want to get rid of the OMB completely, and some provinces have done that in the past, or some provinces have never had anything like the Ontario Municipal Board. But I think it's fair to say that there will always be some sort of appeal mechanism for at least the major planning decisions that are being made there.

Ms Wynne: Are all those changes under your purview or are some of them with the Attorney General?

Hon Mr Gerretsen: The Ontario Municipal Board itself operates under the auspices of the Attorney Gen-

eral, but the legislation itself falls within the domain of the Ministry of Municipal Affairs and Housing. So we were asked, in effect, to do the Municipal Act review, although an argument could be made that it should have been the Attorney General.

Ms Wynne: But you will be dealing with those changes?

Hon Mr Gerretsen: Yes. Over the years the Ontario Municipal Board has, at various times, been housed within the Ministry of Municipal Affairs and Housing and at other times within the Attorney General. That's changed a couple of times.

Ms Wynne: Thank you.

The Chair: You have four minutes left, if there are any other questions. Seeing none, I want to thank the minister and his staff.

This committee stands adjourned until 3:30 or immediately following routine proceedings on Tuesday, October, 19.

The committee adjourned at 1756.

CONTENTS

Wednesday 13 October 2004

| | |
|---|--------------|
| Ministry of Municipal Affairs and Housing | E-209 |
| Hon John Gerretsen, Minister of Municipal Affairs and Housing | |
| Mr John Burke, deputy minister | |
| Mr Doug Barnes, assistant deputy minister, housing division | |
| Mr Bryan Kozman, project director, north Pickering land exchange team, planning and development division | |

STANDING COMMITTEE ON ESTIMATES

Chair / Président

Mr Cameron Jackson (Burlington PC)

Vice-Chair / Vice-Président

Mr John O'Toole (Durham PC)

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge L)

Ms Caroline Di Cocco (Sarnia-Lambton L)

Ms Andrea Horwath (Hamilton East / Hamilton-Est ND)

Mr Cameron Jackson (Burlington PC)

Mr Kuldip Kular (Bramalea-Gore-Malton-Springdale L)

Mr Phil McNeely (Ottawa-Orléans L)

Mr John Milloy (Kitchener Centre / Kitchener-Centre L)

Mr John O'Toole (Durham PC)

Mr Jim Wilson (Simcoe-Grey PC)

Substitutions / Membres remplaçants

Mrs Donna H. Cansfield (Etobicoke Centre / Etobicoke-Centre L)

Mr Tim Hudak (Erie-Lincoln PC)

Mr Michael Prue (Beaches-East York / Beaches-York-Est ND)

Ms Kathleen O. Wynne (Don Valley West / Don Valley-Ouest L)

Clerk / Greffier

Mr Trevor Day

Staff / Personnel

Mr David McIver, research officer,
Research and Information Services



E-10

E-10

ISSN 1181-6465

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Tuesday 19 October 2004

Journal des débats (Hansard)

Mardi 19 octobre 2004

Standing committee on estimates

Ministry of Municipal Affairs
and Housing

Comité permanent des budgets des dépenses

Ministère des Affaires municipales
et du Logement

Chair: Cameron Jackson
Clerk: Trevor Day

Président : Cameron Jackson
Greffier : Trevor Day



Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATES

Tuesday 19 October 2004

COMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Mardi 19 octobre 2004

*The committee met at 1539 in room 151.*MINISTRY OF MUNICIPAL AFFAIRS
AND HOUSING

The Chair (Mr Cameron Jackson): I'm pleased to call to order the standing committee on estimates. We have four hours and 34 minutes remaining.

We're pleased to welcome the Minister of Municipal Affairs and Housing, the Honourable John Gerretsen, with his staff. We are beginning a new rotation, and I think we will do 20-minute rotations. Is everybody comfortable with that? Hearing no objections—

Mr John Milloy (Kitchener Centre): Sorry. How much?

The Chair: Twenty-minute rotations. We will begin with Mr Hudak.

Mr Tim Hudak (Erie-Lincoln): Thank you, Minister, Deputy and members of the Ministry of Municipal Affairs and Housing.

Last time we met, last week, I was discussing the number of broken promises that had occurred under the McGuinty government.

Interjection.

Mr Hudak: The member asked, "How many were there?" We had a debate on that. I don't know if it's in the estimates book. The NDP said 42; we said 37. It could be 79 if they're two different sets.

Nonetheless, we were addressing the issue of broken promises and our expectation that there has been a New Year's resolution by Dalton McGuinty, with the new year being a year from the election, that the broken promises are going to stop, that we'll start the new year on a different foot and there will be no more broken promises. I hope as we—

Interjection.

Mr Hudak: My colleague's a bit more skeptical than I am. But I, on good faith, hope the minister and other members of cabinet will do their best to try to keep their promises this year, because last year certainly earned them an F grade from many different parties and observers.

One that I was concentrating on was the Oak Ridges moraine land swap. What I was suggesting, and I think other members may or may not agree, was that Dalton McGuinty made a promise that he knew he couldn't keep, irresponsibly made a promise to try to win votes in the GTA. Granted, the Liberal Party did well in the

GTA—I would argue under some false pretenses in terms of what they promised and what they deliver—but nonetheless won a number of seats in that area.

Once coming into office, I believe Dalton McGuinty knew he couldn't keep that promise, but having been hit with an epidemic of broken promises, he said, "You know what? We've got to find some way to save face." So he sent in his Minister of Municipal Affairs to try to save as much face as possible for this broken promise. The minister was able to secure an additional, I think we saw in session last time, 47 acres of land in the Richmond Hill area. What we don't know is, what is the price of Dalton McGuinty's broken promise? What is the total cost, on the other hand, in terms of additional land that's being given away in the Seaton area, and any additional costs to that deal? I think the other shoe has yet to drop in that respect, that Dalton McGuinty's broken promise and his attempt to save face has cost taxpayers a considerable amount, either of money or in land that has been given up or additional promises that have not yet come to light.

One way for the minister and the government to address the concerns we've brought up here in the estimates committee is to put out the exact details surrounding this swap of land between the six Richmond Hill land-owners and Seaton.

According to our discussions last week, it seems like that's pretty well done. There are some small things to be done with respect to around the edges of the borders through an environmental review. Nonetheless, I believe the answer I received was that the quantity of land in Seaton in exchange for the additional 47 acres in Richmond Hill has pretty much been determined. But this committee has yet to find out, to ascertain, exactly how many additional acres have been handed over to the Richmond Hill developers, the value of that land and how much better the deal was for the Richmond Hill developers than the land they gave up. The minister can quell that speculation simply by putting that report forward.

I asked the minister to do so, and the minister gave me a very curious answer. He referred to the report of the fairness commissioner—and I'm quoting from Hansard. The minister indicated that the fairness commissioner stated in his letter that it would, "not be wise, from the taxpayers' viewpoint, to start making those documents available right now, because it may very well impact negotiations with the Uxbridge people."

I've looked closely through the Honourable Lloyd Houlden's report as fairness commissioner, and at the end of our discussion on Wednesday I asked the minister to point out—I think you actually referred to the last page, which is a couple of paragraphs—and the minister was unable to point out exactly where in that document the fairness commissioner said what the minister said he had said.

I looked through the rest of the letter in case the minister was mistaken—it was on a different page than the last page—but I still have not been able to find exactly where the fairness commissioner says what the minister attributes to him. I assume that the minister, later in his time, will address this issue. Maybe he'll table additional documents from the fairness commissioner where the fairness commissioner speaks to the taxpayer's viewpoint or speaks to not making the documents available right now. That will answer that question. But I suspect this is the minister's interpretation, because the minister knows that the deal he made with the six Richmond Hill landowners, in the view of taxpayers, will be so extravagant and a bad deal for taxpayers that if revealed publicly it will be an embarrassment to the government, an embarrassment to Premier McGuinty and will artificially drive up the exchange with the Uxbridge landowner.

If I'm wrong, I'll be relieved to hear that I'm wrong. I think it's up to the minister to table those documents so this estimates committee and the taxpayers as a whole will be able to judge for themselves if it is a fair deal or not. But I'm more pessimistic than I was last week, because the words that the minister attributed to the fairness commissioner do not exist in the fairness commissioner's document.

I want to explore a bit more the value of the land in the Seaton area that has been signed over, or almost signed over, to the Richmond Hill landowners. Mr Kozman, I think, was helping me with my presentation last time. Is Mr Kozman available?

Hon John Gerretsen (Minister of Municipal Affairs and Housing, minister responsible for seniors): No, he is not available. But the acting assistant deputy minister, Joanne Davies, is available.

Mr Hudak: There was a particular value in Mr Kozman's being here. I think he had described his capacity as part of the North Pickering land exchange enterprise—I apologize, I've forgotten the name exactly, but the enterprise agency in charge. Mr Kozman seemed to be very knowledgeable.

The Chair: He's on the board.

Mr Hudak: He's on the board. He's a staff member, actually, who runs that and he seemed to answer my questions quite well. He seemed very knowledgeable about the issues.

Hon Mr Gerretsen: Just to correct the record, he's not on the board. He's a staff member of the Ministry of Municipal Affairs and Housing.

Mr Hudak: Even better: The board would give sort of general direction and general advice, but I would think a

staff member would really know the details. Having been a minister, I know that we as ministers can set strategic direction and make the general decisions, but the staff members themselves tend to know the issues inside out and present that advice. So, Chair, I wonder what are the abilities of the committee to bring Mr Kozman forward to respond to questions since he did such a good job last time.

The Chair: We have a request for Mr Kozman's presence. Can you advise us when he can be—

Hon Mr Gerretsen: Well, Mr Kozman reports to Ms Davies, so—

The Chair: Minister, if you say to me that he is unavailable because he's out of town, that's fine, but if you say to me, "We've got someone else who will answer in his place"—you submitted the names of the individuals to whom this committee has access, and if access has been denied, then we'll put that on the record. If he is unable and won't be here any day this week, then fine, but it's within the authority of the committee, especially since you put him on your deputiation list.

Hon Mr Gerretsen: It's my understanding that he was here the last time filling in for the acting assistant deputy minister. The acting assistant deputy minister is here today. Mr Kozman can be made available at some point in time in the future if he's needed, but he's not here right now.

1550

The Chair: He still exists on the list and that's fine. Let's not make a big issue out of it and move on, but for the record the committee has specific authority under the act to request not only ministry staff at their will, but also agencies, boards and commissions and their representatives that receive any kind of funding from your ministry. Having clarified that, we will proceed. Mr Kozman cannot be here today.

Hon Mr Gerretsen: I don't have any problem at all with Mr Kozman's being here. It's just that he isn't here today because the acting assistant deputy minister has replaced him because he replaced her the last time.

The Chair: Very good.

Mr Hudak: I appreciate the minister's response, and I appreciate the presence of the acting assistant deputy minister. My point is that Mr Kozman was doing a great job responding to questions. He had command, and I'm sure the acting ADM does as well, because I believe you sit on the board. Mr Kozman, as a staff member, would probably be privy to a bit more information, a bit more detail and background or maybe more readily at his fingertips. I worry that Mr Kozman is not here because you weren't happy with some of the answers Mr Kozman brought forward.

Hon Mr Gerretsen: I'm very happy with the answers Mr Kozman provides. He provides great service to the ministry. But we don't want to empty the whole ministry and bring them here. We want to make sure they carry on with the other much-needed work within the ministry as well, so we bring the number of people that we think are most important to the operation, at the assistant deputy

minister level, at the deputy minister level and also at the director level. If you want a specific person to be here, we will certainly endeavor to get him here for tomorrow.

Mr Hudak: Sure. Maybe you'll let me know why Mr Kozman is not here today when he was here for the full committee last Tuesday and Wednesday.

Hon Mr Gerretsen: I'll have to ask the acting assistant deputy that, because I don't know why Mr Kozman isn't here today.

The Chair: Who has the floor? Mr Hudak.

Mr Hudak: I think the assistant to the deputy was responding to why Mr Kozman, who was here Tuesday and Wednesday and is a member of the list, and whom I was fully expecting to be here today, has been pulled by the ministry.

The Chair: Mr Hudak, I think the matter has been dealt with. If you choose to use the remaining part of your time to discuss the absence or attendance of a member of the staff, that's fine. However, I'm satisfied with the response that was given, and if we could please move on, that would be helpful to completing the estimates. If you could be guided by that, that would be helpful.

Mr Hudak: Okay. Fair enough. I'll bow to the Chair's advice. Thank you, sir.

What I wanted to address was how the land was valued in terms of the swap. Exactly how was the determination made of the value of the land owned by the Richmond Hill owners, specifically the 47 additional acres they have given to the province?

Ms Joanne Davies: Similarly to the way the initial lands were valued, we used the advice of professional appraisers. So the principles of value for value that were talked about are the same principles that apply. The valuation date is different, because the first valuation date was in May 2001 and the second valuation date was in November 2003. We simply used accredited appraisers to conduct appraisals, as I think prudent financial managers would.

Mr Hudak: The appraisers came from outside the ministry? They were consultants that were hired?

Ms Davies: Right. There is no appraisal expertise in the Ministry of Municipal Affairs and Housing.

Mr Hudak: Were the contracts for those appraisers tendered or did they have a record of work with the ministry?

Ms Davies: The appraisers were sole-sourced, and that is because sole-sourcing is recognized under the Management Board guidelines as a legitimate method of procurement. As you are aware, there are a number of parties involved in this negotiation and there is a fixed number of appraisers on the market. Through Management Board, we looked at who was available to provide professional assistance to us and went to them and sought their services.

Mr Hudak: I'm not sure what the privacy provisions are, but could you let the committee know which appraisers won that contract?

Ms Davies: Yes. We used two sets of appraisers, which we contracted with in order to do due diligence. The first set of appraisers was Kellough, Pestl, Singh, which is a well-known appraisal firm. We also retained the Altus Group of appraisers to provide assistance through doing appraisals for us.

Mr Hudak: Thank you very much. Did both work on the additional 47 acres appraisal? I'm concerned about the additional acres, which I believe is 47, I think I'm accurate from our last session, for the Richmond Hill landowners.

Ms Davies: Both sets of appraisers had involvement because it's one broad analysis, but the appraisers Kellough, Pestl, Singh were our primary source of appraisal advice on that.

Mr Hudak: What kind of review was done, perhaps by the fairness commissioner, with respect to Kellough, Pestl, Singh and any relationship they may have with participants in negotiations?

Ms Davies: I think I'm going to be responsive to your question. If I'm not understanding it please correct me. All professionals, including appraisers, have a professional responsibility to ensure that they don't have conflict when they do work, and the general procurement provisions of government require disclosure of any conflict. So, if that's the point, they were held to the same standard of any consultant. Kellough associates effectively conducted an appraisal for the government on the lands in accordance with the normal standards.

Mr Hudak: Did the fairness commissioner play any kind of oversight role with respect to the choice of those that appraised the value of the land?

Ms Davies: No. The fairness commissioner, in preparing his report, had two roles. At the end of the day it was his job to look at all the documentation and make an independent assessment on whether he thought it met the standard of fairness in the public interest. So he was the one who looked at the end of the process. Through the process we would update him with status reports on where we were so he would know approximately at what point we would be coming forward with material, but he provided no direction per se to individual pieces of work in the process or to those appraisers directly.

Mr Hudak: What was the value of the land that was given up by the Richmond Hill developers, specifically the 47 acres, in relation to the additional lands that they received in the Seaton area?

Ms Davies: As you know, the government has disclosed certain information, which is the overall amount of land which is expected to be exchanged in Richmond Hill and Seaton. But, as I think was alluded to last time, at the very beginning of the land exchange a confidentiality protocol was entered into between the parties, and the new participants who came on board were also subject to that confidentiality protocol. That protocol provides that only once the transaction is completed can all of the details, which are then going to be broken down on a property-specific basis, be released. So the government is bound by that confidentiality protocol and at this point,

until the lands close, can't go any further in disclosing details.

Mr Hudak: But when you say that all the details on a property-specific basis will be released, that will include the individual value on a per parcel basis so we'll know what value was exchanged in Richmond Hill and what value came back in return in Seaton?

Ms Davies: My understanding is the minister and the government have committed to disclosing exactly what lands were given up in Richmond Hill on a per owner basis and what lands those owners got in Seaton in exchange for those lands.

Mr Hudak: I guess I'm asking specifically, aside from the individual acres, what particular parcels of land—will the exact value of each parcel of land similarly be disclosed, the value that the ministry's hired appraisers had come up with?

Ms Davies: The minister is committed to disclose the details of the exchange and that's what he said. I think that's really not a question for me.

1600

Mr Hudak: OK. Maybe I'll have the minister address that in his time, if he has that opportunity.

I want to make sure that not only the geographic area, the particular parcels, but also the value of those parcels is made available for public oversight.

How did they determine the value of the parcels of land that were exchanged? On what basis was that ascertained?

Ms Davies: The principle established in the minutes of settlement that apply to both the original lands and the additional lands is value for value. The second critical component is the establishment of a valuation date for both the lands being given up and the lands being received. And those dates, as you know, differ between the original lands and the subsequent lands.

Appraisers then take the valuation date that they are given for the respective parcels and apply the normal appraisal processes, which include looking at whether there's any relevant market data available, comparables—there's a whole detailed process that appraisers go through, but those are two of the main components that they look at. They look at land values, comparables, recent sales, projections and those kinds of factors.

Mr Hudak: So is it fair to say they would look at the value of land in Pickering, the 47 acres, what that value would have been if they had moved ahead and built houses and then sold those houses off?

Ms Davies: In terms of the Pickering lands, as of the valuation date that's provided for, they would look at the value of those lands for the purposes of development, yes.

Mr Hudak: And how about with the Richmond Hill lands? How is that value determined?

Ms Davies: Similarly; a different date, and that's the difference. So the date that's fixed—and in terms of the additional lands, that's November 2003—but taking that as the premise, market value of developable lands for residential purposes. Yes.

Mr Hudak: Did the appraisers look at the number of homes that could be built on the parcels of land in Richmond Hill versus the number of homes on the Pickering-Seaton lands that were exchanged?

Ms Davies: What they look at is the normal or expected type of density that you would expect in an urban setting of that nature. And that's important because in neither case are we at the stage of detailed subdivision plans. So there is a process that appraisers look at for what the normal scope of development, density, range of mix and use would be, and they create, in effect, an average in coming up with land value.

The Chair: I'd like to recognize Mr Prue.

Mr Michael Prue (Beaches-East York): Is it half an hour? Twenty minutes?

The Chair: Twenty minutes.

Mr Prue: Thank you, and my apologies to all. I got called away on something I could not get out of for a few minutes.

I'd like to deal with—oh, you've disappeared. Come on back, because this somewhat intrigued me about the market value of developable land which had not been zoned. Is that the basis on which lands were traded? Were they zoned, either of these properties?

Ms Davies: No. The appraisals were done on the basis that both parcels are developable. That's the value-for-value component of the exchange.

Mr Prue: I am somewhat curious. As you correctly said, land can be developed in many ways. It can be developed residential, commercial, industrial or multi-residential. First of all, were the lands in Richmond Hill zoned in any way that you could put a value on them?

Ms Davies: The date of the Richmond Hill appraisal was May 2001. That was the date that was agreed upon for the valuation. As of that date, there technically was not zoning on the Richmond Hill lands. And for the valuation date of the Pickering lands, similarly, as of the date chosen, there was not actual zoning on the lands.

But for the purposes of the appraisal and the value for value, appraisers work from assumptions that they're given, and the assumptions that were set out and agreed to between the province and the owners were to look at the value of the respective lands on the basis that they could be developed for the purpose of ensuring a value-for-value exchange. So it is in the nature of an assumption that the appraisals were done, distinct from saying, look at these lands on a certain day and what their legal status was in terms of land use planning and zoning versus these. In order to achieve value for value, you had to have a common set of assumptions, and that is the basis on which the appraisals were done.

Mr Prue: The common set of assumptions was single-family, residential 40-foot lots? Multi-residential?

Ms Davies: The assumptions were looking at what typical development is, and appraisers are experienced in that type of thing. When you're looking at a certain scale of land beyond a small parcel, there are factors, which are ratios of employment lands to residential, which are a mix of densities. So they include what a typical area of

that size would include, which would include, as you noted, residential, a certain amount of commercial, for example, your corner stores, all of the types of uses that you would find in a typical community that is located, in this case, both in York region and Durham region. So there's a set of assumptions.

Mr Prue: I know where both places are, but I cannot tell you I have actually visited those lands. Can you tell me, are they in any way surrounded by other developments? I would think up the Yonge corridor would more than likely, although I could be wrong, be a little bit more dense in terms of surrounding houses and businesses and things than north Durham.

Ms Davies: I don't think I could make that kind of generalization. The Richmond Hill lands are on the Oak Ridges moraine, and the objective of this entire exercise was to protect the Oak Ridges moraine. So in terms of the Richmond Hill lands, the area is, as a general observation, fairly undeveloped, but one side of it, as you noted, does abut Yonge Street, which is a major corridor which has development on it of a certain scale and type that you would expect of an arterial road. So the lands abut some lands that have some development. They are also on the Oak Ridges moraine, and the other way, they don't have that type of development. So there's some of both there.

Mr Prue: Is this the reason why more acreage was given in the Seaton lands to compensate for the—I was trying to get to that the other day and I couldn't understand why the ones off Yonge Street were more valuable, if you can't build on them, than the ones where you can.

Ms Davies: I think it would be fair to observe—and I'm not a land economist—that in the current economic climate, and this can change over time, the westerly lands in Halton, Peel and York have seen some higher values than some of the lands in the east, in Durham east. I think it was purely—and I'm not the appraiser, but the appraiser looked at values, as I said, on a market-comparable basis, and the professional outcome, the appraisal, showed a slightly higher value for developable land in the Richmond Hill area than in the Pickering area.

Mr Prue: OK. Thank you.

Back to the minister, from a statement you made the other day. First of all, I want to commend the general population, because when I finished my questioning of you, I got an e-mail the next day. A woman was watching it on TV—and I want people to know that we are being watched—and believes that you were not correct. So I want to put the question to you again. My question to you was the invitation of the city of Toronto to participate in the immigration process. I asked you and you concurred that you had done so. Then I asked if any other cities were involved, and I believe the answer was in the negative. Am I correct in my recollection?

Hon Mr Gerretsen: I don't recall that, but I could have said that, and if I did and I'm incorrect, I'm incorrect. It's my understanding—and I get my information in this respect from the Minister of Citizenship and Immigration—that she has advised both the House and, I

think, the general public that when she was involved in the discussion with the federal government and the province, obviously, the city of Toronto was invited as well, with respect to the latest immigration agreement, that that was a first in Canada. But if it turns out that another municipality has already done that before, I certainly stand to be corrected.

1610

Mr Prue: The e-mail I got from a woman from London was that London had actually been invited prior to Toronto, not by the minister in Ontario but by the federal minister. I'm wondering, is there any coordination between the federal government, the Minister of Immigration, and the Ontario Ministry of Citizenship and Immigration? Which city or cities are being invited, and why?

Hon Mr Gerretsen: Our ministry doesn't deal with immigration matters. That's number one. Where our ministry gets involved in the process is that, as a result of the MOU agreement we have with AMO, there have been certain understandings reached that when the province gets into discussions with the federal government on subjects of interest to municipalities in general or to a particular municipality, that municipality would be invited to attend. It's my understanding that it's under those circumstances, because of the large immigrant population here in Toronto, that Toronto was invited to those meetings by way of the Minister of Citizenship and Immigration. Toronto was invited to the meeting that took place—when would that have been?—sometime in the spring.

Afterwards, a statement was made that this was a new arrangement whereby the province, the federal government and a city worked on a joint immigration agreement. If it turns out that there are other cities that have already done this in the past—perhaps London was involved prior to this, directly through AMO. I just don't know. That's not an area of involvement by our ministry.

Mr Prue: This leads me to my next couple of sets of questions relating to AMO. You are the past president of AMO and I know you hold the organization in very high esteem, as do we all. But—

Mr John O'Toole (Durham): Toronto is not a member.

Mr Prue: That's where I'm going. This caused a huge kerfuffle. The fact that your government was dealing with Toronto through AMO caused, I think, some consternation from the mayor and council of the city of Toronto. They have since left AMO. If you're going to deal through AMO from this point on, does that mean that you are going to deal with Toronto separately or not at all?

Hon Mr Gerretsen: Let me just correct the record on a number of things. Yes, I was president of AMO back in 1986-87. As my kids say, "You were president in the Stone Age." It was quite some time ago. I left municipal life in 1988 and really had not been involved with the association at all until my re-involvement as minister some time ago.

I hold that organization in high regard, as I do any organization that speaks on behalf of a certain constituency to another order of government. I think it's always advantageous for any order of government, whether we're talking about the province or the federal government, to deal with an organization that represents, if not all of the stakeholders or interested parties in that particular area, at least most of them.

If you want to get into why Toronto left AMO, or at least has suspended its operations with AMO, you'd have to discuss that with them, quite frankly.

This is a purely biased, personal opinion, but I believe that over the last year our government and certainly our ministry have done an awful lot of work in order to build up an excellent relationship with the municipal world in general, with municipalities in general and with municipalities on an individual basis. When we came in as a government, we felt that that had been lacking to a large extent with the last government. When you look at the fact, for example, that the last government was going to impose a law upon municipalities that would have prevented them from raising any kind of tax revenue without a referendum, we felt that didn't show the kind of respect that a provincial government should have for another level of government. I think we've turned that around.

On a personal basis, both the Premier and I get along very well with Mayor Miller, as we should. Toronto is an extremely important component of this province. It's the economic engine of this province and, whether you like Toronto or not, nobody would ever deny that. But Toronto ultimately has to decide whether or not it wants its voice heard through AMO. I can tell you that on many issues, we deal with Toronto directly, as we deal with other municipalities directly on issues.

The kerfuffle over the MOU process with AMO kind of left me bewildered because, number one, the memorandum of understanding was a revisiting of the same memorandum of understanding that had been signed three years before that with then Minister Chris Hodgson and AMO. The only difference was the fact that it now also referred to the protocol with respect to the federal government that hadn't been part of the earlier memorandum of understanding. Plus, we always said right from the beginning that we wanted to legislate the memorandum of understanding, we wanted to make it a legislative requirement that before the province changes the rules or changes laws or regulations that affect municipalities, particularly their financial abilities, we discuss those issues with them and, secondly, that we wouldn't impose any additional burdens on them until at least the next fiscal year.

As to whether or not Toronto is a member of AMO I suppose it would be better if they were from the point of view that there would be one municipal voice out there on a lot of issues. But that's really something for Toronto to decide. We will continue to deal with Toronto on an ongoing, one-to-one basis, and with AMO as well, or with any constituent member of AMO.

Mr Prue: OK, but AMO has never represented all of the municipalities.

Hon Mr Gerretsen: It's my understanding, though, that they have traditionally represented a good 96% or 97% of all the residents of Ontario out there. I'm not sure what the next large municipality would be that is not a member of AMO, but traditionally I think most municipalities have been members of AMO.

Mr Prue: But the sad reality is that today they represent less than 80%; I think 75% of the people of Ontario.

Hon Mr Gerretsen: Yes. I think there is one other thing that should be clearly put on the record, and that is that the MOU process that was put into place whereby on a monthly or a six-week basis we get together—when I say “we,” I mean the ministry—with AMO. The AMO MOU committee is made up of the different chairs of the different sections of AMO, and it's my understanding that the chair of the Toronto caucus has always been an integral part of the AMO MOU process.

Mr Prue: In the past.

Hon Mr Gerretsen: No, but even leading up to the current MOU that was signed in Ottawa. Certainly that was presented with a representative from Toronto there. Now, as to what the internal communications are between that representative and the city, or between any of the representatives and the organizations they represent, I have no knowledge of; that's for them to determine.

Mr Prue: I'm leading down to the question. They're not a member today. You have a memorandum of understanding that accommodates 80%, approximately, of the people of this province, but not the 20% who live around this building.

Hon Mr Gerretsen: Right.

Mr Prue: How are you going to proceed? Are you going to have a separate memorandum of understanding with the city of Toronto or are you going to deal with them on an ad hoc basis?

Hon Mr Gerretsen: We will certainly deal with the city of Toronto on any issue they want to engage us in. It may be by way of a separate memorandum of understanding. I also think it may not be totally accurate to say they have left AMO. It's my understanding they have suspended their membership in AMO until the end of the year and then it's going to be re-evaluated. That's my understanding; I could be corrected on that, but I understand that's the case.

As you know, we're also taking a look currently at the City of Toronto Act.

Mr Prue: You anticipated my next line of questioning. OK, go ahead.

Hon Mr Gerretsen: What may come out of that, one of the aspects, may very well deal with the kind of issues you're talking about right now.

I mean, it's absolutely important for the province of Ontario and for this government or any government to have a good working relationship with the government of the largest community in this province. This is something

we have been working toward, and we will continue to work toward no matter how that unfolds itself, either collectively with other municipalities or on a one-off basis.

Mr Prue: Is it your intention then, at this stage, to deal with the memorandum of understanding and what it contains through amendments to the City of Toronto Act? Because you referred to that in your opening statement. I wrote it down; it was item 7. You are anticipating changes to the City of Toronto Act in this upcoming year. Is that where you intend to do this?

1620

Hon Mr Gerretsen: I think when we're dealing with the City of Toronto Act—and I'm not trying to evade your question—obviously the city of Toronto will have a number of items that maybe it wants to put into legislation, and we will have to see what they are. If they show an interest in this, there's absolutely no reason why a memorandum of understanding of this nature cannot be discussed and implemented with them as well. We'll see what happens.

I don't want to prejudge the discussions, in other words, but we're certainly open to discussing it, absolutely.

Mr Prue: Again, this place often has some bizarre twists and turns. About two weeks ago, when we started this, you talked in your speech about your intention of bringing forward a City of Toronto Act, and we have a private member's bill doing much the same on Thursday.

Hon Mr Gerretsen: Well, isn't it wonderful for private members to come up with initiatives and ideas? I was fully aware as to what that private member wanted to do. She came to me, and I said, "It's a wonderful idea. Bring it forward."

I don't get all that excited about private members bringing up bills that deal with particular items in our ministry. That doesn't concern me at all. If they're good ideas, we'll look at them and maybe they will form part of the new City of Toronto Act. I think it's a great idea. I think any private member should be allowed to bring up any bill they want to discuss in the House—

Mr Prue: Absolutely.

Hon Mr Gerretsen:—and get some sort of feedback on. But this isn't a trial balloon that has been planted by the ministry or myself to get some opinion on, I can tell you that. These are the heartfelt opinions of that particular member, and I think she should be congratulated for that.

Mr Prue: OK, but if it's not a trial balloon—and I have heard some suggest that it may be—

Hon Mr Gerretsen: Well, it's not. I can tell you it's not.

Mr Prue: OK. If it is not, then by your statement that it could be worked into what you are planning, I would take it, it is not your intention as minister to have that private member's bill act instead of what you and your ministry are proposing to bring forward later in the year.

Hon Mr Gerretsen: Our review of the City of Toronto Act and our review of the Municipal Act, which

will hopefully go side by side, will deal with a whole variety of situations. I believe the contents of the private member's bill deal only with one specific aspect as to how the City of Toronto Act should be amended. It deals mainly with representation and, I believe, issues like that.

Mr Prue: No, it's quite all-encompassing in terms of election law reform, elections boundaries.

Hon Mr Gerretsen: Right. But what we're talking about in review of the City of Toronto Act is giving Toronto much greater permissive legislation, possibly, as well as other municipalities, through the Municipal Act review.

The Chair: Thank you, Mr Prue. You can pick that up in the next rotation. Mr McNeely.

Mr Phil McNeely (Ottawa-Orléans): Minister, I sat on the council of the city of Ottawa for three years. It was something new to me, this political game. One of the things that surprised me was—we deliberated quite a long time to come up with the new changes to the official plan and the bylaws in order to freeze the urban boundaries and to come up with a densification plan for the city of Ottawa. This took a lot of thought. This was, I think, supported by a large majority on council, 22 people sitting around the table, including the mayor. This was one of the big achievements of that first three years of the new city of Ottawa. Then you see that these decisions can be appealed to the OMB.

I just wonder how we can relate—a city of 500,000, 600,000 or 700,000; you have the councillors doing all their work; you have all the planning staff doing it. You put two or three years into it, and yet you have a couple of people who are appointed on a board who can change some of these things. I just would like a better explanation of that and how that's going to change under this government, if it is.

Hon Mr Gerretsen: I think, first of all, Bill 26 speaks to that to a large extent. There are a number of aspects to Bill 26. One is that all official plans have to be consistent with the provincial policy statement. I should preface all of these remarks by saying "if passed." If I don't say it, please insert "if passed" somewhere. I don't want to be accused of assuming anything at all. We'll just have to wait and see what happens in the House.

The other aspect deals with time factors. Sometimes municipalities feel they've been rushed, particularly with respect to official plan amendments, and that's why we've improved that.

I think another very significant aspect of Bill 26 is the notion that elected councils of a municipality should be the deciding factor in determining where the urban boundaries of that municipality should be. It had been our impression that there had been times in the past when the urban boundaries of a municipality may have been imposed at the Ontario Municipal Board against the wishes of a particular municipality. So that's what we were trying to overcome with Bill 26.

Some people may have a different opinion. Some people may say the OMB is the proper forum. I certainly don't hold that belief at all. I believe fundamentally that

people who are elected at the local level are just as legitimately elected as people at the provincial and federal levels. They're just as smart, just as dumb, just as bright, just as whatever. If people don't like what they're doing, they are held accountable every three years when elections come around in exactly the same way as governments are held to account and we as individual members are held to account every four years or whenever elections come around. I guess they will be every four years now. I think that's one fundamental decision that should not rest with basically an unelected body. This is not taking a shot at the OMB or anything like that. It's just a fundamental difference of opinion as to what an appeal mechanism should be all about.

On the other hand, I certainly don't share the view that the Ontario Municipal Board should no longer exist. I think there will always be room for certain appeals, where there are legitimate differences of opinion between developers and municipalities and individual ratepayers or organizations etc, that are best determined by the Ontario Municipal Board. But where the urban boundaries should be for a municipality should not be decided by the OMB.

I think that answers your question as to, why should another group of people, other than the elected people, determine where the urban boundaries should be?

Mr McNeely: Thank you. The second question deals with another issue that came up over the three years. It was the Nutrient Management Act and the amendments made in 2002, which stripped municipalities and even cities—again, it's the same 22 people sitting around trying to protect the communities. These mega hog factories—I believe the legislation was written for them, by them. It has really presented a problem where you have villages or towns or even the urban areas of major communities like Orléans. You can come within 700 metres with one of these large polluters and they're not classified as industries. You don't have the same rules that other industries have. Your air emissions are thrown out. Again, this was the province throttling the cities, taking their authority. It was under the guise of not wanting this checkerboard. I don't go for that at all. I think you have to protect villages and towns and cities.

This was one of the issues that came up over the three-year period at the city of Ottawa, and it's still there. I just wonder, if you've got 700 people, if you're paying 22 councillors and a mayor, if you've got staff who know what they're doing—this relates to the first answer—we should maybe have more respect for the city politicians, in this case, where by a large majority we tried to change the rules. We have something, a three-kilometre buffer, that's coming up to the OMB. I think those are the things that former governments did to cities. I'm wondering, are we going to be able to bring that back at all?

Hon Mr Gerretsen: I don't think I want to comment on that. I think you yourself said it's before the OMB right now, and I certainly don't want to comment about anything that's before the OMB. I do know that the ministry has challenged Ottawa on the official plan

relating to that issue, and that's about all I want to say right now about that. It would be imprudent for me to say anything else. Sometimes there are legitimate differences of opinion between municipalities and the province, and that will always continue that way, but I won't comment on that particular situation.

Mr McNeely: Thank you.

1630

Mr Milloy: Minister, I want to take a minute and talk about some specifics related to those who are on social assistance: the working poor, the less fortunate. They go by different terms in our communities. In my area, since I've been elected and even before, I've spent a great deal of time with various social agencies, with advocates for those who are poor or on social assistance and also with recipients themselves. In fact, our colleague Deb Matthews, the parliamentary assistant to the Minister of Community and Social Services, was in my area about a week and a half ago to hold a series of consultations with these various groups on how the government should be moving forward.

The one thing that comes to light in all these discussions is that one of the big determinants of well-being, I think, is housing. It's amazing the number of people you talk to who are in the social assistance field who tell you that the starting point and, in many ways, the end point for the well-being of someone is having adequate housing. As you know, it's not just about the difference between homelessness and having a place to sleep, because those individuals may be sleeping on a friend's apartment couch or in adequate housing; it's not their own housing.

I realize that your colleague the Minister of Public Infrastructure Renewal has a significant role to play in terms of housing, but obviously I want you, as minister of housing, to put that hat on and talk a bit about what you're doing to create and maintain affordable housing.

Hon Mr Gerretsen: Certainly the issue you've raised is very important; there's no question about it. I think the government, and certainly I as an individual, feel that housing is a basic human right and speaks to the basic dignity and self-worth of the individual.

As you've indicated, the Minister of Public Infrastructure is negotiating an agreement right now with the federal government that deals with the balance of the 20,000 units of affordable housing that we committed to in the party platform we ran on during the election. I believe that about 2,300 of those units have been built, but the other 17,000 are being negotiated right now with the federal government. Quite frankly, if we hadn't been left in a such a horrible financial mess, with a deficit of over \$5.6 billion, we probably would have been able to do more by now; I'm not going to shirk from that.

There are some programs we were able to start up. I think the rent bank idea, with \$10 million added to the individual rent banks of housing providers around this province, has been a positive thing. The feedback we've had from the different housing providers says it's really a good program. It helps people who have emergency need

situations, as a result of the loss of a job or a health situation, and may not be able to pay rent for a month or two. In effect, rather than being evicted from their units and going on social assistance, which would cost the system a heck of a lot more money, they're able to stay in their home environment. It's a program that's working well. In some municipalities, it's a grant program; in other municipalities, it's a loan program and some of the money is being returned. What we basically tried to do with that program—which, in the totality of things, may be a relatively small program—was not set up another administrative network. We basically said that if an administrative network for the rent bank existed in a housing provider's area, that's the system we would use. It has worked, by and large, fairly well.

In the ministry budget, on page 121, you will see that there is a transfer payment to the Ontario Housing Corp that includes \$50 million for rent supplement, which supplements the rent of about 8,000 units across the province. Should it be more? Hopefully so, but the funding just isn't there right now.

We also talked in our platform about the housing allowance program for 35,000 of the neediest working families out there. I think a lot of people who deal with the housing issue have come to the conclusion—and there's nothing new about that—that quite often it isn't so much a housing problem as it is an affordability issue. When people spend more than 50% of their total income, whatever that may be, on housing, there isn't going to be too much left for the other necessities of life, particularly for people on the lower income scale.

So we're working on these programs. It's certainly my hope that the Minister of Public Infrastructure will be able to sign an agreement with his counterpart at CMHC, the Honourable Joe Fontana, and that that will come sooner rather than later. There's no question that if we weren't in the financial mess we're in right now, we probably could be doing a lot more. I know the will is there, but the money just isn't there right now.

Of course, the other area is the whole tenant protection area. Within the next little while we will be bringing forward a bill that I think will provide better protection for tenants than there is right now. We'll just have to wait and see what that bill looks like when it gets to the House fairly soon.

Mr Milloy: Can I, as a follow-up, ask about the rent bank system and the changes that were introduced, the major change being an infusion of cash. You talked about the feedback. Has it been quantified in a way? Have there been new communities that have started rent banks? I know that in my own community, Waterloo region, there's a very well run rent bank. They were very pleased to receive the additional funding, and it works quite well. I just wonder what the experiences are in other individual communities, whether new ones have come up.

Hon Mr Gerretsen: We have the assistant deputy minister for housing, Doug Barnes, here, and maybe he can get more specific. But I understand that in those areas that didn't have rent banks before—there were some ser-

vice providers, and Mr Barnes can give you the number—we gave them the opportunity to start a rent bank. In those areas that weren't covered by any service providers, the ministry is prepared to get involved directly. We want to make sure the rent bank money is available to 100% of the people in the province.

Doug, do you have any more particular information?

Mr Doug Barnes: In fact, we've had a very good record. All the service managers across Ontario—that includes all areas of Ontario—have signed a memorandum of agreement in terms of interest and intent. I believe 21 are completely in gear and running right now in terms of provincial funding and the rest will be done by the end of this month.

In terms of dealing with the rent bank, the minister is quite right. I believe there were 21 rent banks before. So we are expanding it quite extensively.

The Chair: Ms Di Cocco, three minutes.

Ms Caroline Di Cocco (Sarnia-Lambton): One of the things I hear—I was a city councillor before I came to the provincial level for a year and a half. I have not had as lengthy experience as you, Minister, but my year and a half certainly provided the sense of an attitude to the municipalities that seemed to be prevalent from the provincial government at the time. It seemed to be one of confrontation, an attitude of "Thou shalt." When I was in the House in opposition, different legislation would come down and I remember some of the mayors who felt as if they were left out. One of the things I note is the extensive consultation and the time you're taking to meet with mayors, to talk to them. I remember, for instance, a couple of times Ministers of Municipal Affairs coming into my neck of the woods who would not meet with mayors; they had their own reasons for being there. I certainly hope this government, our government, has changed its attitude toward municipalities, and I'm really glad to hear that.

Maybe you can speak a little bit about the relationship of the provincial government with municipalities and how different it is, compared to where we were when it came to the confrontational approach. I'd like to know that we don't have that confrontational approach. I think we believe that we can do more with co-operation than confrontation. Maybe you could provide some comment on the relationship between the province and our municipal partners.

1640

Hon Mr Gerretsen: Well, I'm not one for tooting my own horn. I just don't play that game, you know. I think that you have to look at it historically. Historically, municipalities have always relied tremendously on the provincial government. At some points in time, when money was plentiful, municipalities got a lot of money; at other times, they didn't. I think the last eight years were that way. I think it's fair to say that a lot of responsibilities were transferred, which usually meant higher cost to local municipalities and things like that.

There has to be a cultural change. If municipalities really want to stand up on their own, there has to be a

cultural change both provincially and municipally. I think that's going to take some time. It's not going to be solved in a year or four years. Maybe it's going to take eight to 10 years, maybe longer than that. There's too much of an attitude, I think, within the municipal world of, "Well, if we haven't got the money"—this has been the traditional attitude—"let's see if we can get it from Toronto."

I think we have to be fair about it. When you look at a lot of the old subsidy programs that were around at one time, most of them were started during the Depression, when a lot of municipalities went bankrupt or nearly bankrupt. There's no way they could have done any of the major infrastructure work that was needed then, during those times when the road network was being established in the province of Ontario, when water and sewage plants were coming on stream etc. They just didn't have the financial capacity, because basically they only rely on the municipal property tax base etc. So I think over the years, probably starting with the Second World War, municipalities became more and more dependent on the provincial government and also, to a certain extent, on the federal government for infrastructure funding. That idea of dependence over a period of time perhaps transferred to a lot of other areas as well.

On the other hand, it was always convenient for most governments, regardless of political stripe, to keep continually thinking of municipalities as being creatures of the province. There was a certain niceness about the dependency, so that when any major project needed to be done in the municipality, the province sort of had to concur with that.

What we're trying to do now is to make municipalities more financially independent, perhaps through the Municipal Act review and through acts like the city of Toronto and city of Ottawa review, to give them more permissive legislation, allow them a greater level of autonomy in wide areas. The example that Mayor Miller always uses is, when he wants to put a speed bump on a residential street, does he really need an environmental assessment? On a residential street, on a local street, do you need an environmental assessment? There are many issues like that. I don't think that's necessary. The municipality itself should decide what they want to do on their own residential streets, and there's a whole variety of areas that way. So it's going to take a lot of time. Certainly three or four years aren't going to do it, but we're giving it an honest attempt and we'll see where we get in the long run.

The Chair: Thank you very much. I'd like to recognize Mr Hudak.

Mr Hudak: If I could, Minister, if the assistant deputy minister wouldn't mind—

Hon Mr Gerretsen: Which one? We have a number of them here.

Mr Hudak: Is it Ms Davies? Thank you. I just want to get back to a couple of things that we were discussing before, particularly, and Mr Prue talked about it: the common set of assumptions that were agreed to by the parties on the valuation of the land. Again, could you describe what those assumptions were?

Ms Davies: I think I have described the normal way that appraisals are done on land. If you're asking effectively for a summary of the particular appraisal reports on these particular lands, I would have to take you back to my earlier comment, because I feel bound by it, that the confidentiality protocol requires that the details related to the exchange be put in the public realm when the transaction has closed. I think what's important about that is, if you conceptually think of it, there are minutes of settlement that set value for value. Then there's a land exchange agreement that's like an agreement of purchase and sale. But the critical point is that until the transaction closes there is not, in effect, an exchange. The confidentiality protocol requires us to hold in confidence the details in respect of what's in the specific appraisal reports until the transaction is closed.

I spoke, in answer to your question, of the general approach to appraisals which is common across any appraisal of urban type of land and the types of assumptions that one would expect in that type of appraisal report. But if your question is to go to a deeper level of detail, we are precluded from disclosing that at this time.

Mr Hudak: Previously, when we had discussed this, you said the minister would make the decision whether to make that document public once the land swap is finalized. If I could ask the minister just a quick question, is the minister willing to make that public?

Hon Mr Gerretsen: We're willing to make those documents public once the final negotiations and agreements with the Uxbridge landowners have been arrived at, whatever documentation finally culminates those deals. Then, at that point in time, we're more than willing to make those documents public. The reason for that is—

Mr Hudak: Minister, I think the assistant deputy minister meant by "those documents," in response to my question, the specific land appraisals of the parcels that were exchanged. So will you make those specific land appraisals public as part of your public process?

Hon Mr Gerretsen: I'd have to seek advice on that. Basically, what we're talking about here is a value-for-value exchange wherein 1,052 acres were exchanged for twelve hundred and some-odd acres. So the actual dollar value put at each particular property is the same, but what that amount is, I don't see the relevance of that, quite frankly. But maybe you do.

Mr Hudak: I do from this point of view: I think we have a role in opposition in the estimates committee to make sure that the valuations that were arrived at were done in a fair and equitable manner. As part of that analysis, I think it's important to get public review of those specific appraisals of the land value. You said you'll get advice and hopefully get back to the committee whether you'll make those documents public as well.

The assistant deputy minister talked—it's obviously complex; right? You talked about the number of homes, commercial developments and industrial developments that could occur. Is industrial part of this equation, or just residential and—

Ms Davies: "Employment lands" is generally the term used, which can include a variety of types of uses.

Mr Hudak: OK. I guess an assumption was made of how much in each area, how dense and the value of each particular parcel to come to an aggregate number that should be a value-for-value swap, an identical swap.

Ms Davies: Correct.

Mr Hudak: So it's complex and I think it's important for us to be able to review that agreement for the general public and taxpayers, particularly in that area.

Hon Mr Gerretsen: You were part of a government that made the original agreements, so I'm sure you went through some of those considerations as well in 2001.

Mr Hudak: For sure. What I'm trying to be specific with, and I thank the minister for reminding me, is the additional 47 acres. As I said, my belief is that Dalton McGuinty made an irresponsible promise, knew he was going to break that promise and tried to save face. So I'm worried that what I think we're calling the 2003 supplemental agreement is not a good deal for taxpayers because the Premier was over a barrel with respect to his promise. If I'm proven to be wrong, great. I think taxpayers will be relieved to hear that, but I think we do have a duty to review that.

To the assistant deputy minister—

Hon Mr Gerretsen: But I can tell you that the valuation of that particular land—

The Chair: Minister.

Hon Mr Gerretsen: He just made a statement that I think—

The Chair: He's entitled to make statements, but when he asks you a question, we'd ask you try and—

Hon Mr Gerretsen: I thought there was a question there, but maybe I'm wrong.

Mr Hudak: No.

The Chair: No, you did call it a statement and I call it a statement, so we're in agreement.

Hon Mr Gerretsen: I yield to you, Mr Chair.

Mr Hudak: To the assistant deputy minister again, I know you have a confidential agreement, which I respect, and I appreciate the position you're in. Is the quantity of land in Seaton greater, as part of the 2003 supplemental agreement, than the 47 acres that were given up in Richmond Hill?

1650

Ms Davies: It is included in the overall exchange number of 1,057 in Richmond Hill for 1,275 in Pickering. That is the aggregate expectation of the lands that will be exchanged. As we noted, the actual closing has not occurred.

Mr Hudak: Right. But if I understood from Mr Kozman, we had come to a point with—I forget the title, but the original deal, if you will, had agreed to parcels in Richmond Hill in exchange for parcels in Seaton. Then we had the 2003 supplemental agreement where 47 additional acres were found in the Richmond Hill area in exchange for X number of additional acres in the Seaton area. I just wonder if those additional acres in Seaton, as a result of the 2003 supplemental, are greater than 47 acres.

Ms Davies: To respond to your question, there was no agreement on what we're calling the first group. There

was never a signed agreement until the minister signed an agreement recently. There were negotiations that were proceeding but were never concluded. So it's not possible to say there was X amount of lands at a point in time, because there was never a meeting of the minds, because there was never a signed agreement. So I can't answer that.

Mr Hudak: I'll review Hansard on that, but I thought Mr Kozman had said last week that he could actually quantify that, that there was a basic level that had been agreed to before the supplemental agreement and then you could quantify the 47 additional acres from Richmond Hill which would equal an additional amount in the Seaton area.

Ms Davies: I believe what Mr Kozman said was discussions had proceeded to an advanced stage, when I looked at his remarks. I concur that there had been a long process of discussions, but I would like to make clear that there was never an agreement, so there was never a number.

Mr Hudak: OK. There's obviously a great deal of complexity here as to how the valuation took place by outside consultants. The minister may or may not reveal the documents of that appraisal; hopefully he will. He's talked about the agreement as a whole, but I think this committee and taxpayers could benefit from the appraisals themselves.

A quick question to the minister: Given the complexity of this and given that the fairness commissioner did not review the appraisals, would the minister consider allowing the Provincial Auditor to review that appraisal to make sure it's a fair deal for taxpayers?

Hon Mr Gerretsen: I'm not at all sure whether the fairness commissioner didn't review the appraisals. I'm not sure whether you're correct in that.

Mr Hudak: Either way, Minister, would you agree to have the auditor look at the appraisal *[inaudible]*.

Hon Mr Gerretsen: Look, first of all, this government is working under the confidentiality agreement that you negotiated as the previous government—

Mr Hudak: It's just a simple question, Minister.

Hon Mr Gerretsen: —and we will disclose all the necessary details as soon as we're able to.

Mr Hudak: I understand.

Hon Mr Gerretsen: The fairness commissioner has taken a look at it. You appointed Mr Crombie and the group that made the original agreement. I believe he was involved—

Mr Hudak: But, Minister, my question is very specific with respect to the appraisals of the lands that were exchanged as part of the 2003 supplemental agreement. It's obviously complex. The assistant deputy minister has explained the complexity of it. Why not have the Provincial Auditor look that over to determine whether it's a fair—

Hon Mr Gerretsen: I'll take your question under advisement and get back to you in due course.

Mr Hudak: The committee goes on for a few more hours. Could you get back to us perhaps tomorrow with respect to the auditor's review?

Hon Mr Gerretsen: Maybe, but maybe not.

Mr Hudak: Chair, again, I'd like to register that. I'd appreciate the minister getting back to us. It seems fair to me that we have an unbiased outsider as the auditor on the exact value of the exchange of land, just as the fairness commissioner was on the process. I hope the minister will take me up on this to ease any fears the committee may have that it was not a good deal for taxpayers. I think that's a process the minister should take under consideration and hopefully come back to us in a positive way.

Hon Mr Gerretsen: I can assure you of this—

Mr Hudak: To the assistant deputy minister, if I could.

Hon Mr Gerretsen: OK.

Mr Hudak: With respect to the Seaton parcels of land that will be exchanged, help me understand, whereabouts are they? Are they close to an existing urban settlement? Are they on a major highway? Where exactly are these parcels? If we walked there what would we see?

Ms Davies: The parcels are abutting and south of Highway 407, which is a major transportation corridor. They are also south of the federal airport lands. They have, for example, a significant arterial in Pickering, being Brock Road, which connects down to the GO train line in the south. So they are a large parcel and they abut some major transportation corridors.

Mr Hudak: What's their level of servicing currently?

Ms Davies: The Seaton lands are not serviced currently.

Mr Hudak: I think the municipality of Pickering has expressed a great deal of concern about the servicing costs for this land. In a Toronto Star article of October 12, they quantify it at \$200 million as the cost of servicing to that land. What obligations has the province taken up as part of this land swap to help pay for the servicing in the Pickering area?

Ms Davies: The servicing of lands is generally done through two processes. The first is the development charges process. Major servicing—sewer and water, roads—those services will be provided through the same process as they'd be provided in any area, which is to say, through the region of Durham development charges bylaw.

There is also servicing which is referred to as subdivision servicing or servicing within plans, which is the responsibility of those who are actually developing the parcel of land, that is, the responsibility of the individual developer or builder, depending on who is actually constructing the houses.

The province as a landholder in Pickering—as we know, the amount of land the government has said they're exchanging, 1,275 acres, is not the entirety of the Seaton parcel. There is residual land held by the province. Theoretically, if the province sold those lands, the person who bought them would be responsible for those costs; and if they developed them, then the province would be responsible for those costs. That is a process that's currently under discussion between the future

owners of Seaton, the province and the region of Durham, trying to develop what the servicing scheme should be in order that it can be costed, in order that it can be put into the legal framework for collecting the money.

Mr Hudak: Has the province made any commitment to the landowners in the Seaton area that will be contributing to the servicing costs—roads, water, sewer or any servicing costs?

Ms Davies: The province as a landowner would be expected to contribute to that as long as it remains a landowner—absolutely—by the normal operation of law.

Mr Hudak: Is there a value of the province's commitment in terms of developing the Seaton area? Were you committed to a certain level of funding?

Ms Davies: In negotiating, the province has been able to—it does get complicated. When you're dealing with development charges, when you're bringing large new areas on, sometimes there is something called front-ending, which is where you put the services in advance of development occurring, in order that the development can occur. Major landholders do that and they get a credit against the development charges that are subsequently payable. The province, as long as it remains a landholder, has negotiated that its contribution will be capped at a fixed amount in terms of the front-ending component, yes.

Mr Hudak: Is that part of the overall agreement, then, subject to confidentiality, or can you tell us?

Ms Davies: Yes, it is.

Mr Hudak: What is the involvement of the city of Pickering in those negotiations with respect to servicing costs?

Ms Davies: At this point, the servicing scheme we're looking at is those services that are the responsibility of the upper tier, so the major roads, trunk sewers and water. The negotiations have been primarily with the region of Durham, but as I believe the minister pointed out, planning is never that simple. Pickering is ultimately the municipality that will be the host to that development, so, as directed by the minister, we have been making the offer to include Pickering in any and all discussions that are taking place with the region on servicing, because the master servicing plan has an impact on how the community ultimately develops and is of interest to Pickering from a land use planning perspective. So they've been invited to participate in those discussion.

Mr Hudak: When the government did its communications, or specifically the ministry, with respect to the Oak Ridges moraine land swap, in those public releases did it talk about the province making a commitment to the servicing costs of Seaton?

Ms Davies: I would need to go back and look at that press release.

Mr Hudak: Because it seems like it's part of the deal, right? There is an exchange of land—

Ms Davies: It is part of the overall scheme because it is a landowner, but I can't answer whether the specific news release referenced that.

1700

Mr Hudak: Is it fair to say though that in addition to receiving lands in the Seaton area in exchange for the Richmond Hill packages, the province will be making investments that will benefit the new landowners from a servicing point of view?

Ms Davies: That's not how I would interpret it; I would say that any investment the province makes is only because of its role as a residual landholder. Should it sell all of its residual holdings tomorrow, the successor in title would be responsible, so that the province's investment goes to the value of its retained lands. I don't see it as having—I actually see it as the reverse benefit, that the developers, in perhaps moving forward more quickly to develop the land, will provide some benefit to the residual provincial holdings, which at this point have no plans for development on a particular time scheme.

Mr Hudak: Would it be accurate to say that the developers will be responsible for 100% of the servicing costs to the properties that they will receive as part of this land swap?

Ms Davies: Yes.

Mr Hudak: One hundred per cent?

Ms Davies: Of the attributable portion to those lands they will ultimately get through the normal development charges and front-ending scheme, yes.

Mr Hudak: How about transportation corridors for Seaton? Are they sufficient, or would we hear that they're not sufficient to support a development of that size?

Ms Davies: What you're really now talking about is the OPDA planning exercise that's taking place under the Ontario Planning and Development Act to establish a development plan for Seaton. The province, as you may be aware, is in the process of consulting with the public and has held two meetings recently to put various scenarios before the public for comment.

That work is being led by consultant John van Nostrand, who's developing the plan for the province. In the consultation sessions, he's put up some different models for servicing. In the simplest of terms, you can have one big road or two small roads. Those are choices that are made based on the structure of the community that you ultimately want to see. So what we know, because of working with Durham, Pickering and our own consultant, is that at the end of the day, the type of servicing we need, the adequacy of it, is a matter of choices. And that is the process that is underway in developing the OPDA plan for Seaton. So no final decisions have been made on that servicing structure.

Mr Hudak: Have funds been earmarked from the province, set aside, to help with the servicing of the Seaton community?

Ms Davies: Not that I am specifically aware of, because the determination hasn't been made, to the best of my knowledge, of whether the province will in fact develop those lands and pay those costs, or whether they will sell those lands. That's a choice that the government in due course, I'm assuming, will make. So I'm not

aware of any specific determination of that. There's a process where one goes forward to Management Board when those servicing plans and the costs crystallize, and they would be dealt with that way.

Mr Hudak: To the minister, his assurance that there were no additional commitments by the province that there'd be roads, water or sewers outside of the land swap agreement to the benefit of the developers in the Seaton area?

Hon Mr Gerretsen: That's my understanding, yes.

Mr Hudak: With respect to the environmental sensitivity of the lands in the Seaton area, how did the ministry go about determining which lands to set aside, the environmental benefits of particular lands?

Ms Davies: There's been a two-step process, if I can put it that way. In order to embark upon the negotiations of the land exchange, we needed a framework, so the province brought together the Ministry of Natural Resources, the Ministry of the Environment and the Toronto and Region Conservation Authority. These lands, as you may know, have been studied for 30 years. There were a lot of raw data available. They took all of the data and, as you've seen in many other places, established what's referred to as a natural heritage system, those areas that, based on taking natural features and then linking them together into a system, should not be developed based on the current policy regime set out in the provincial policy statement. So through that process of MOE, MNR and the conservation authority, a natural heritage system was established. What that showed at a preliminary level is what parcels then would be left which would be developable. That is step one.

The second step, though, is that the Environmental Assessment Act requires that prior to the province acquiring or disposing of land, it must conduct a class environmental assessment. And as I know you heard last time, Ontario Realty Corp is doing a class environmental assessment to look at both the acquisition of the lands in Richmond Hill as well as the disposition of lands in Seaton. Part of that process is to determine what is appropriate to dispose of. So there is another layer, if I can use that word, being looked at in terms of cultural heritage, because there's natural heritage—the rivers, the streams, the setbacks etc—but there's also cultural heritage.

That's why, when we say that the parcels have not finally been determined, in my view it's a bit more than a detail, because it's fundamental. If the environmental assessment says, "These lands over here that you were proposing to dispose of in fact shouldn't be disposed of," then the government, I assume, would not dispose of those.

The two-step process was establishing the natural heritage system, and now there's a class environmental assessment to determine any other limitations on the lands proposed to be transferred.

Mr Prue: Let's go back to the City of Toronto Act, although this Seaton stuff is fascinating, I want to tell you. Because there are those out there who think that the private member's bill, Bill 120, An Act to amend the

City of Toronto Act, may be the precursor of what you plan to do, may be in lieu of what you plan to do, may be a trial balloon in terms of what you're going to do, I'd like to pose a question.

I'm reading here from the member for Don Valley West's letter that she sent to all of the members of the Legislature, dated October 14, about what she hopes to do with this particular bill. I would just like you to respond as to whether or not your bill, which is going to be coming forward later in this year, will deal with any of the same items—if you can just tell me one at a time whether your bill is intended or whether your staff are working on a bill that is intended to do any of the following things.

The first one she includes would give the city of Toronto new powers “including the authority to change its number of city councillors.” Will your upcoming bill be, in any way, dealing with this?

Hon Mr Gerretsen: Let me first of all say that her bill is entirely independent from any initiatives that are taking place within the ministry. If there are some areas that happen to be the same, it is by pure coincidence or by the fact, I assume, that she happens to be thinking along the same lines as what other people in this community are thinking about. I don't want to prejudge that. I have no idea how important—

Mr Prue: I'm not asking what's in her bill. You made a statement two weeks ago that you were proceeding with City of Toronto Act amendments. You must have a pretty good idea what you're going to do. All I would like to know is, are your amendments that you are contemplating at this time and have promised to introduce sometime this year going to include the authority to change the number of city councillors? I want to know how seriously to take this bill, and I want to know how seriously to take yours in the future as well.

Hon Mr Gerretsen: OK. I don't know the answer to that.

Mr Prue: All right.

Hon Mr Gerretsen: I'll be honest with you about what's happened so far with respect to the City of Toronto Act, if you're interested. A working committee has been established, made up of city of Toronto officials and officials within the ministry. The working committee, I believe, is starting to meet. The city of Toronto has, through its mayor, indicated a number of issues that they're interested in discussing.

In due course, we may be bringing a number of issues to the forefront as well. Whether or not the number of representatives in the city of Toronto is one of the issues that the city will bring up or that we're willing to legislate on remains to be seen. But we've got an open mind about it.

Mr Prue: That's fair. The second one that she's talking about here is, “change its ward boundaries and the number of wards in the city.” Are you contemplating any changes to that in your bill later this year?

Hon Mr Gerretsen: We're not contemplating any current changes on that, but it may very well arise as a

result of the discussions that we're going to have with the city of Toronto. That may very well be a possibility.

Mr Prue: The next one is, “change the composition or powers of community councils.” That was very contentious with the former government and the amalgamation bill.

Hon Mr Gerretsen: All I can tell you is that right now we're not recommending any definitive changes, because we haven't had those kinds of discussions yet with the city of Toronto to understand exactly how they feel about a lot of these issues and we haven't developed our own position on these issues. I think a lot of it depends on the city of Toronto. I believe the council of the city of Toronto and the officials of the city of Toronto have a better feel as to how Toronto should be governed internally than the province does, so we're willing to discuss any of those issues with them.

1710

Mr Prue: The next couple would clearly make Toronto absolutely unique, and the next one is to set its own election dates. This would allow Toronto to hold a different election date than every other municipality. It's usually the second Monday in November, every third year. It's the same in Sutton—or Georgina, I guess, now—as it is in New Liskeard as it is in Toronto as it is in Hamilton.

Are you contemplating any bill that would allow Toronto to go on its own and hold an election date different from every other municipality?

Hon Mr Gerretsen: That's not something we're contemplating right now, but we're willing to discuss it with them. I think, of all the issues you've mentioned so far, that's probably the one that would be the most difficult to deal with. I'd like to know the reasons for it. Is the second Monday in November such a bad day to have an election? I remember when the first Monday in December was always a bad day because it always seemed to snow on those days.

Mr Prue: Before that it was January 1, but you have to go back a while.

Hon Mr Gerretsen: Oh, that goes back well before my time.

Mr Prue: I remember it from when I was a boy.

Hon Mr Gerretsen: They had elections on January 1?

Mr Prue: Yes.

Hon Mr Gerretsen: You weren't around in those days.

Mr Prue: I was a boy. I wasn't old enough to vote.

The next one too is pretty strong, and I want to know whether you're contemplating this as well: “change the term of office for city councillors.” Right now, the term is three years.

Hon Mr Gerretsen: There has been some interest expressed by different individuals, not only in the city of Toronto but elsewhere as well, that perhaps the term of office should be more along the lines of four years. I think you and I know all of the arguments pro and con. On the one side, people will say that if you make it four years, there are a lot of good people who may not be

willing to commit themselves to four years. On the other hand, an argument can be made, "Why should the local councillors be subjected to elections more often than people at the provincial and federal levels?" I think there are good arguments to be made on all sides. If the province were to move on that, we'd certainly want to know how the municipal world and how the public in general feel about that issue.

I'm sure you and I recall, when a similar debate took place back in the early 1980s with respect to going from a two-year to a three-year term, that it was somewhat contentious. People had some very strong views on that. Maybe we'll have that kind of discussion again on this issue; I don't know.

Mr Prue: OK. But at this stage, you're not contemplating that in your change to the City of Toronto Act?

Hon Mr Gerretsen: We're not contemplating that at this stage, but we're willing to discuss it with them.

Mr Prue: The next one, I think, is the most contentious of all: "adopt its own set of election finance rules." Right now, every municipality in the province of Ontario is bound by the finance rules, election campaign finances, Municipal Elections Act, 1996, SO 1996, chapter 32, schedule, sections 66 through 82.

Are you contemplating giving the city of Toronto any jurisdiction to set its own election finance rules, different and apart from those set by provincial statute? Are you contemplating that later this year? Certainly Ms Wynne is.

Hon Mr Gerretsen: We're not contemplating that, but having said that, I can well understand that the larger a particular riding or ward or area that a person runs in and the more funding that has to be collected in order to put up a legitimate and good showing—perhaps a good argument can be made that the rules in larger municipalities shouldn't be identical to the rules in smaller municipalities. Whether or not we would allow a municipality to set its own rules—I somehow doubt that. But you realize that, while I'm giving you these views right now, they're just my current personal views?

Mr Prue: Absolutely.

Hon Mr Gerretsen: I don't want, at some point in time in the future, somebody to pick up a Hansard and say, "The minister said this; the minister said that." All I'm giving you are my own personal opinions about these things. We're willing to discuss these with Toronto and with anybody else. The whole notion is that local government should be as autonomous as possible, and we're working toward that. So in a lot of these areas I would imagine that the rules will be loosened or changed to some extent.

Mr Prue: The last thing that is contemplated in Bill 120 is the control of its own voters' list. Are you contemplating giving the city of Toronto or any municipality, in amendments you are going to be making, control of its own voters' list?

Hon Mr Gerretsen: It's my understanding that having a provincial voters' list—and I think we're working off the federal voters' list now to some extent, aren't

we?—has some advantages to it. But each one of us, over the years, has detected the deficiencies in that list from time to time. I haven't given that much thought, quite frankly. There are good arguments to be made for it. We could certainly take a look at it, but I wouldn't want to commit myself to it one way or another.

Mr Prue: So what I would take from your many statements, and I realize they're quite preliminary, is that you are in contact with city of Toronto officials; you will be meeting them over the coming weeks, months, or longer period of time; you will listen to what changes they want to make; you will bring your own changes to bear; and you will bring an act forward sometime later in the year. Is that all pretty correct?

Hon Mr Gerretsen: Yes, that's correct. Now, when we say "later in the year," I don't think it'll be this year. I think a commitment was made by the Premier and by my office earlier as well that it would be sometime in the year 2005—probably more likely the fall of 2005, with everything else we've got on our plate.

Mr Prue: That's what I meant—within the year, about a year from today. I should have been more careful with my words there. Also, what is contained within this particular bill may or may not be contained in your bill a year from now?

Hon Mr Gerretsen: As I mentioned to you before, there's no connection between this bill and whatever bill may come out of the discussions with the city of Toronto.

Mr Prue: I'm having a hard time with this. I'm having a very hard time, given that there is a plan of the government, of which this person is a member, to bring forward an earlier and possibly alternate bill.

Hon Mr Gerretsen: Well, Mr Prue, I'm somewhat disappointed in your comment there. This is an independently minded individual who has come up with an idea that she feels very strongly about and that she has put into private members' business. In the House, we have repeatedly said that private members' business should be the opportunity for private members to bring up their good ideas about issues and get a feel of the assembly and maybe even get a particular bill passed. In every Parliament there are usually two or three of them. I can assure you that this is not something the government is putting out there as a trial balloon. Are there some good ideas in there? No doubt, and we'll take a look at them, as we will at a whole bunch of other ideas that are out there as well.

Mr Prue: Just a bit of a statement, because the one here—

Hon Mr Gerretsen: You should be more trusting of the government, Mr Prue, really.

Mr Prue: I have learned bitterly not to trust everything that is done. Even when I say, occasionally, good things about the government, I find it in your campaign literature, so I have learned not to do that.

Anyway, one thing that you said, and perhaps it was a question of me, was on the setting of election dates. You were wondering why the election dates in mid-November were not a good idea. You talked about December 1, and I reminded you that before that, it was January 1.

My understanding of the reason these were picked is that it's from a time when Ontario was very rural, and it was intended that the election date and the lead-up to the election date not interfere with the harvest. However, today I think most politicians would tell you that it is getting extremely difficult to campaign in the period after October 31 due to daylight savings time, due to vandalism of signs and all of those things. I'm just wondering if you are considering changing other municipal election dates, realizing that although we still do have a farming community, it is becoming smaller and smaller and the value of having an election date during daylight saving time far outweighs any negative effect on the collection of crops.

1720

Hon Mr Gerretsen: What I recall about the whole debate as to whether it should be November rather than December was that there was a feeling that if it was too early, the existing council would be a lame-duck council for too long a period of time. This is when councils took office on January 1. I believe the way that this resolved is that councils now officially take over on December 1 or, I guess, whenever the regular council date is right after December 1. But your point about daylight saving time is a valid one.

Mr Prue: Nobody answers the door after 5 o'clock in November, at least not in urban communities.

The Chair: You're sure it's not because they know you're there?

Mr Prue: Before October 31, I'm usually wearing a costume.

Hon Mr Gerretsen: Your comment that many of the rules and regulations were set when Ontario was perhaps much more an agricultural community applies to this place as well. I don't know why we're not meeting in January and February, and why May and June seem to be the busiest time for elected people. I've often wondered about this, and people have always told me it had something to do with the way seed was put in the ground or crops were grown or a lot of issues around agricultural matters. Not that agriculture isn't important in our province; it's the second most important industry in this province, and I certainly wouldn't want to do anything to harm that.

This government, I want you to know, and this ministry in particular, is open, and we will take a look at any good ideas that emanate from the municipal sector or from individuals out there that will improve municipal government. There are very few issues where we will simply say, "No, we will not look at that at all." We will take a look at everything you've mentioned today and we'll discuss those issues with the city of Toronto and with the municipal world as well, through AMO and through other stakeholders, as far as the Municipal Act is concerned.

Mr Prue: I have three more minutes and because we've got into rural communities, I'd like to lead right in: You also made as your eighth statement that your ministry plans to strengthen rural communities. I was

reading the London Free Press today. I didn't bring it with me, but it talked about a good deal of consternation in those communities about your government cutting back some of the finances for drainage and other things. How are you intending to strengthen those rural communities if there are cutbacks in monies they relied upon for such things as drainage?

Hon Mr Gerretsen: Well, if you're talking about the municipal tile drainage program, I'm sure you realize that's a matter for the Minister of Agriculture to deal with. It's within his ministry, and I'm sure he would be more than pleased to answer that.

Mr Prue: But I'm wondering how you're going to counter that in your ministry.

Hon Mr Gerretsen: Well, we're not countering anything, necessarily. We each have our own responsibilities, and that happens to fall within the responsibility of the Ministry of Agriculture.

Let me just say that we do have a rural plan to strengthen economic opportunities in smaller communities. One of the programs we have enhanced is something the previous government started, OSTAR. We've put a slightly different twist on it. We feel it should be much more tied into the whole notion of economic development. So we are saying to municipalities, particularly in underserved areas with respect to medical services, that if they want to assist in coming up with a plan whereby offices or clinics can be opened up for a medical practitioner, those may be the kinds of program we look at, without sort of coming into the whole Ministry of Health, because that's their issue.

There are some communities—I remember visiting one a number of years ago; I think it was Havelock. The local community, through its council, decided to put aside some office space within, I believe, its own municipal buildings, where they had a clinic. I believe a nurse practitioner was obtained through some funding at that time. That person operated under the auspices of the building that the council was located in. That wouldn't have happened if it hadn't been for the economic development plan that particular community, through its local council and maybe through its business association, had started.

So we've put a different emphasis on OSTAR. There has to be an economic development aspect to it for the community. There is still a fair amount of funding available. We're asking municipalities and other organizations in rural areas to come up with plans, and there have been a number of announcements made just within the last two or three weeks.

On the larger issue I realize, particularly with respect to some of the funding related to transit that's been announced or is going to be announced by the government—the one cent a litre that we've all heard about over the last little while—that there is a fear within rural municipalities that maybe they aren't part of that. We, of course, feel that's more than offset with COMRIF. The negotiations will be finalized in the near future, again between Mr Caplan and his federal counterpart, which will basically speak to rural infrastructure needs, as far as

bridges and roads are concerned, to a large extent. It will put \$900 million on the table over the next five years for rural municipalities for their infrastructure needs.

The Chair: Ms Di Cocco.

Ms Di Cocco: First of all, I want to say that I've had a lengthy discussion with Ms Wynne in regard to her private member's bill. One of the things I think is important to put on the record is that Ms Wynne is a very independent individual, and she has had—

Interjection.

Ms Di Cocco: Exactly, and she has played an active role in citizens for better democracy.

Mr Prue: Citizens for Local Democracy.

Ms Di Cocco: Citizens for Local Democracy, yes. I don't want to speak for her, but I certainly want to say that her bill is all about, if you want to call it, that philosophy or that ideal. It's to put out there for discussion some of the issues she certainly found were part and parcel of why she came to do this job. She's got a real interest in this. I just want to put that on the record because it really is, and she's said that. She knew that although the government—it just happened by chance that we've got her bill coming forward and the government has its own initiative.

It is about better, if you want to call it, use of—when we talk about the Legislature and the role of private members, this is one of the places where you can present your good ideas. Sometimes they're in sync with what's happening. That's exactly what's happening here, even though I see some cynicism from Mr Prue.

Mr Prue: I am not at all cynical.

Ms Di Cocco: No. But I do want to put that on the record, because she definitely is very committed to this and wants to have it as part of the discussion about better local democracy.

This whole notion of transformation is part and parcel of how we transform government so it is about more accountability, it is about a different way of doing things and it is about better change. It's important that we start to have that discussion at some point in time, and I think that is what all this is culminating in.

One of the reasons I came here—you know that today Toronto is having an inquiry on that whole MFP issue. Before I ever got into politics, we had a local issue that dealt with behind-closed-doors decision-making, if you want to call it that, which led to a judicial inquiry locally. Actually, it was taken all the way to the Supreme Court of Canada to question whether or not local government had the autonomy to hold its own inquiry. It was the decision, I think, in 1997 by the Supreme Court of Canada on Sarnia's request to hold an inquiry on these land transactions that set the precedent for what Toronto is doing today with the MFP inquiry, by the way.

1730

Why is that? It's because decisions were made, in my view at that time, inappropriately. The local inquiry, by the way, found that to be the case, and millions of dollars were mispent because of the way decisions were made.

Getting to where I'm going with all of this is that there is also, in this whole transformation of better govern-

ment—where do you have autonomy, where do you have some checks and balances etc? One of the aspects that I find very important in the whole governance issue when it comes to municipalities—and public bodies in general, but it does deal with municipalities—is something that I feel very strongly about. It has to do with open transparency and it's about providing more openness and having penalties attached when public bodies go in camera inappropriately. I've been promoting and I believe it's about better government, an open meeting act, which I certainly feel very strongly about, and it's something that I think the general public is there on. I know the privacy commissioner certainly believes that we have to bring more transparency and accountability to how decisions are made and to have some mechanisms.

The strangest thing about the rules that are in place now—and I know we're going through the whole process of reviewing the Municipal Act, with a great deal of input across the province. One of the aspects of decision-making we don't have is that municipalities or other public bodies—it's more of a moral obligation. There are rules that say you should go in camera only under certain conditions but then you have to stay in public, but there are no penalties attached. Also, there's no mechanism whereby you can actually complain, or if there is, again, there are no penalties. So it's a moral obligation.

Our government certainly wants to look at transformation, more transparency, more accountability. I would really like to hear from you, Minister, some of your views on transparency when it comes to the conducting of public business in municipalities.

Hon Mr Gerretsen: I hear another private member's bill coming forward.

First of all, the province and the ministry will always have an interest in making sure there's greater accountability to the taxpayer. There's no question about it. I personally have always been in favour of more of the public's business being transacted in the open. It's one of the reasons why I got involved in this whole process back in 1972 at the local level, because I felt there were too many committee meetings held behind closed doors. A few of us got elected to council, including Mr Keith Norton, who is our Human Rights Commissioner, and we opened up the process in my own community. I'm always glad about that.

I think we should always be looking at any new ideas that make municipalities more accountable and more sustainable. I know that the city of Ottawa is currently looking at a report that they will be submitting to AMO with respect to having a municipality set its own rules on accountability. Some people will say, "This is contrary to what you're talking about, because you're talking about giving them greater autonomy and now you're taking it away," but I think that process issues as to how the business is done are totally different from the substantive issues as to what the councils should be dealing with or may be dealing with in a permissive way. So I think the province will always have an interest to make sure as many decisions as possible are done in an open, accountable and transparent way.

I guess the three exceptions to that have always traditionally been: land negotiations, because you want to make sure that the municipality doesn't end up paying too much if it were done in the open, or more than it should, or getting too little if it were on the sales side of things; personnel matters, which I think is only fair to the staff that you're dealing with; and any legal issues that the municipality is involved with from a strategic viewpoint. You certainly wouldn't want to have your legal strategy known out in the general public. But other than that, I cannot see any reason why a municipality should make its council decisions in anything other than an open and transparent fashion.

I don't know what else you would like me to react to.

Ms Di Cocco: One of the concerns we've had for a very long time has to do with tenants in Ontario. I know we are improving some of the standards for tenants. We were talking about affordable housing before, as a right and as one of those necessities in life, and one of the issues, especially in high-density populations within Toronto and other municipalities, has to do with rents. What is it that we're doing with regard to improving the standards for tenants?

Hon Mr Gerretsen: First of all, Brad Duguid, my parliamentary assistant for urban affairs, has been doing an extensive consultation with respect to the Tenant Protection Act. I think he went to at least 10 to 12 communities. We've had numerous representations and presentations made to us, both in person at those consultations and also through the ministry Web site etc.

We are evaluating all those issues right now. I think that the rent reform act that we'll be coming up with will provide greater protection for tenants than is currently the case. We're also making some changes to the ORHT process, to make the system more transparent and more understandable to tenants. Right now, I think some of the forms are very confusing.

The other thing that we've already done this year is that we basically did not impose the automatic 2% increase, which had been done for a number of years. We called a time out while consultations were going on. I think that's obviously been of assistance to tenants as well.

The other thing we're looking at is to tie in the municipal property standard bylaws and legislation much closer to the whole tenant protection area as well. This is an area that we heard about from tenants over and over again: their inability to get landlords that had work orders against properties to fix those properties. I think that's an area that needs to be strengthened so that tenants can be protected that way.

By the same token, landlords should be protected as well from bad tenants. There may be changes there which in effect will make it easier to get rid of the so-called bad tenants.

1740

You get good people and bad people in every grouping. Work needs to be done, and we hope to come up with a bill in the very near future.

Ms Di Cocco: Thank you. I was looking at the ministry's mandate in the overview, and one of the aspects is "developing and administering disaster and emergency recovery...."

I was actually quite pleasantly surprised, when there was the flood in Peterborough, that there was what I would call a surprisingly quick response on the part of the government. Could you possibly reiterate for us what it was you did, and the timeline? Again, I found it quite surprising that we were able to move as quickly as we did.

Hon Mr Gerretsen: Basically, within a week of the actual flooding, a cheque for \$5 million was delivered to the city of Peterborough to look after the emergency needs of that community. In the meantime, the city had to declare itself a disaster area so that the ODRAP application process and the ultimate funding through the ministry could start to operate.

I know the city was extremely pleased with it. They had a similar experience two or three years before that, and it took them months upon months before there was any action. All I can tell you is how quickly we reacted to it.

A further cheque for \$3.5 million was sent to the city just recently. So there is about \$8.5 million that has been paid already. The federal assistance program comes into effect after the province has paid, I believe, \$12 million.

We were initially trying to help those individuals who needed cash immediately because they needed other accommodation and needed to replace some of their personal clothing and things like that. Businesses in the downtown area of Peterborough, particularly the smaller business, were included as well and were eligible for an immediate grant of up to \$2,500 for lost inventory and things like that.

I know there have been some media stories recently in the Peterborough area where some people are not satisfied with how quickly they got their funding, but I can assure you that that is as a result of whatever may be happening locally with the committee or with the council there. I'm not trying to blame anybody, but that is not because of a lack of provincial funding; the provincial funding is there. I do not believe at this point in time that the \$8.5 million that was granted to the city of Peterborough has been totally used up by them. I could be incorrect on that, but I don't believe they've allocated all of that money as of yet. I think it's a success story from that viewpoint.

Now, a lot of that money will ultimately go to some of the infrastructure renewal that is required in the city of Peterborough. From just following the issue in the press and from speaking to the mayor from time to time and to Mr Leal, our local member, I think there's a much greater recognition within the community now that some of the infrastructure needs in the downtown area need to be addressed, because this has happened, on a minor and a major scale, twice within the last three to four years, and obviously they don't want to have these kinds of

emergency situations happen again in the future if they can be at all avoided.

Ms Di Cocco: Do we get—

The Chair: One minute.

Ms Di Cocco: I just want to add that certainly sometimes government reacts very, very slowly in situations, and it's heartening that when there is the political will and the goodwill on all sides, you do end up getting the assistance, because that's what it's about. It's about service to the public and to get the assistance out there in times of crisis. Too often, municipalities—and we've seen it in the past. When there is a crisis, there's a lot of goodwill, but there's little action, it seems. It's one of those actions that I think speak well of actually being able to function quickly, expeditiously and being effective at the same time. So it certainly does everyone in the Legislature proud that the provincial government is able to assist in these crisis situations.

The Chair: Thank you, Ms Di Cocco.

There is 15 minutes left before we hit the top of the hour, so I will begin a new rotation of 15 minutes, which will allow us to move to the NDP when we return tomorrow.

I neglected, before I began the estimates today, to ask if the minister had brought any of the answers that his staff undertook to respond to at the previous meeting. I'm just looking for a yes or no here. We have a list of five questions.

Hon Mr Gerretsen: It's my understanding that the undertakings that were provided will be provided to the committee.

The Chair: We would like that in a timely fashion, because we would like to complete tomorrow.

Having said that, I will move to recognize—Mr Hudak?

Mr Hudak: Actually, Chair, Mr O'Toole.

The Chair: Mr O'Toole; very good.

Mr O'Toole: Thank you very much, Chair, for that brief recognition.

To follow up on Mr Hudak's comments earlier, I was quite interested because I thought Mr Arthurs might ask some questions on the Seaton land—he's been closely involved in that—but he didn't. So I'll have to find out.

With the land deal, or the swap, with the York and Durham regions involved—and Mr Hudak has gone to some length to determine some costing issues there—I'm just wondering in a kind of naive way, if, for instance, York region were to lose 40 or 50 acres of developable land from their official plan, which is all a kind of mathematical matrix because they get current and future revenues, capital and development charges—they get that as a source of revenue. So you're taking that source of revenue away from the municipality. Likewise, with the dilemma found with the provincial lands, the Seaton area, there would be a kind of windfall, with development charges and all of the other ongoing revenue sources that would accrue because of that. Was that taken into consideration in this overall loss for—

Hon Mr Gerretsen: I'm not sure whether I agree with your assumptions at all. It's always been my impression

that if you put up residential developments, in effect over the long run they cost more to a municipality and that made up by the sort of employment land taxes that you get from there. So to suggest that because development isn't taking place a municipality would be losing the development charges, I don't agree with that at all, because presumably those charges go in the ground and the services are not needed now.

Mr O'Toole: Well, maybe that's true, Minister. I just see it as part of their overall plan. As I said, in the official plan they have so much land. They have capacity, whether it's in their library systems or their road systems, that's always segmented, going forward in their development charges; there are funds that are set aside. And then of course their tax base is always growing, which means several more administrators or whatever they need.

It really ties into the point I'm trying to make, in the very limited time I have, that municipalities for years have been talking about the revenue problem. We see that more eminently now with the discussion around the gas tax sharing, which became a huge political issue. But it's not new. They needed, and have wanted, a new source of revenue for a long time. If you look back at the Fair Tax Commission and lots of commissions on this area over time that you'd be familiar with as minister—the Who Does What—basically all those things were on the same issue. They were saying who's paying for what service and where the money comes from.

You've just stated on the record here that you know, as Minister of Municipal Affairs, that they don't have enough revenue for all the development that you're allowing to take place. You said that.

1750

Hon Mr Gerretsen: No, I didn't say that.

Mr O'Toole: You said it's a net loss to develop land.

Hon Mr Gerretsen: No, I didn't say that. Don't put words in my mouth, Mr O'Toole, please.

Mr O'Toole: I'll have to get Hansard on that. I don't want to misunderstand what I think you said. You told me, if I lost 50 acres of my official plan, I'd be out money. That's what you told me. You said if I lost 50 acres in York region, that ultimately developing that land would be a net cost to the municipality.

Hon Mr Gerretsen: No, no. Why I said—

Mr O'Toole: So you didn't—

Hon Mr Gerretsen: Do I get a chance to respond to this or not? He's trying to put words in my mouth.

The Chair: If it's brief, yes.

Mr O'Toole: I'm trying to make a point here.

Hon Mr Gerretsen: What I said was that any development charges or any costs that go into a development of, let's say, a subdivision, ultimately that subdivision is going to cost the taxpayers of that municipality more money because in effect it's being subsidized for services in the long run by the industrial-commercial sector. Every municipality and every municipal politician knows that.

Mr O'Toole: Agreed. So you're really saying if it's all residential, then it's a net loss, basically.

Hon Mr Gerretsen: I'm not saying that. But I can tell you this—

Mr O'Toole: It would be for York.

Hon Mr Gerretsen: We're not paying York anything at all. There has been no discussion with York about compensating them for loss of development land or anything like that, and we don't intend to have those kinds of discussions.

Mr O'Toole: I think the municipalities, in their search for revenues, should look at maybe being compensated in this deal. If you're taking that land off their development potential, some of which would be commercial, and in the case of Yonge Street, high-end commercial, and they pay three to four to five times residential, there would be a net loss, because you've just said it cross-subsidizes the residential tax base.

Hon Mr Gerretsen: Sir, your government made the original deal, and it wasn't part of that equation. By far the most amount of land relates to your government's deal. As I believe Mr Hudak has said, what we added to that was 47 acres. So you didn't consider any of that, we're not considering any of that, and as far as we're concerned, we don't owe York or anybody anything on that score.

Mr Hudak: Just some last questions in the time we have to Ms Davies, if I could. We were talking about the process to set aside developable parcels of land, and you described the sort of environmental assessment that happened. Maybe I'll direct this to the minister just quickly, if I could. I'm trying to remember my question. I apologize.

You talked about outside consultants that helped you with this. Could you quantify for the committee today, or maybe get back to us tomorrow, the cost of the outside consultants that helped the ministry with the environmental determination of the developable parcels? Also, you talked about the outside consultants that had done the appraisal work on behalf of the ministry for the land swap.

Ms Davies: There is the question you put forward yesterday about a series of consultants, both last year and this year, which were a mix of things. On your question just now—I'll answer it first, and then maybe we can go back to the earlier question if you would like—for the first step of determining the natural heritage system, there were no consulting dollars for that. That was MNR, MOE, TRCA.

The class environmental assessment that's underway is being done by the Ontario Realty Corp, and they are leading that process. In supporting them, though, because it's very important to the government, we have retained a consultant to assist us on the built heritage component. There was a study of heritage buildings done some years ago, so we have retained a Mr Scheinman to update that built heritage assessment that was done about 10 years ago. That's a cost that the Ministry of Municipal Affairs is bearing, and we are also supporting that work. We did a competitive tender, on which Archeological Assessment Ltd was the successful bidder. They are doing the

archaeological assessment of the lands, looking at the lands, whether there are pottery shards or other types of artefacts that would suggest there is perhaps some aboriginal cultural significance to the lands.

Mr Hudak: I appreciate that. Thanks for the descriptions. I wonder if we could get a report back to the committee, hopefully for tomorrow, on the costs or the estimates of the costs as well for this fiscal year for the work of the third-party consultants on the lands file.

Ms Davies: Absolutely. No problem.

Mr Hudak: Excellent. Thank you.

To the minister: The fairness commissioner, on page 5, says that this deal will allow more than half of the Seaton lands to be saved from development. You have a campaign commitment that two thirds of the provincially owned land will be set aside from development. Are you going to keep that commitment?

Hon Mr Gerretsen: The MNR process I believe identified about 52% or 53%—it's on page 5, did you say?

Mr Hudak: Yes. The commissioner calls it more than half.

Hon Mr Gerretsen: That identified about 52% of the land to be environmentally sensitive or agricultural in nature. As to whether or not the government wants to in effect sell less of the land so that a greater percentage can be helped and protected, that remains to be seen.

Mr Hudak: Minister, it's a very simple question: Are you going to keep your campaign commitment or not? You committed to maintain two thirds of the Seaton land holdings in public hands and not to develop them. Now you seem to be using language—you're backing away from that. You set the direction, certainly, with respect to the two thirds. Will you keep that campaign commitment or not?

Hon Mr Gerretsen: Certainly we will endeavour to—

Mr Hudak: Uh-oh.

The Chair: Let the minister finish, please.

Hon Mr Gerretsen: All I can tell you is that currently about 53% of the land has been identified to be in that particular category. It may very well be that another 13% will be added to that.

Mr Hudak: We talked earlier about the extent of broken promises by this government and a number in this ministry. I had said—

Hon Mr Gerretsen: No, we hope that—

The Chair: Minister, I haven't heard a question yet.

Mr Hudak: I would hope that in the second year of the McGuinty government there would be a rehabilitation program. I remember Dalton touring across the province, saying, "Shame on me. Maybe I was a bit too aggressive in my commitments, a bit too ambitious." But surely, Minister, it's a new year. It's 2004-05 fiscal; it's the second year of the McGuinty government. You, sir, promised, and your candidates promised on the campaign trail, to preserve two thirds of the Seaton land. Don't tell me that today, in the first week of the second year, you're going to break a new promise already. Please, Minister, say no.

Hon Mr Gerretsen: Mr Hudak, I am prepared to discuss these issues with you at any time at all—

Mr Hudak: It's a simple yes or no.

Hon Mr Gerretsen: —but I do not like you to put words in my mouth.

Mr Hudak: Just one or two words: a “yes” or a “no.”

Hon Mr Gerretsen: I just don't want you to put words in my mouth. Fifty-three per cent of the land has been identified to be sensitive, and it may very well be that we will add another 13% to that, sir.

Mr Hudak: But you set the direction, Minister.

Hon Mr Gerretsen: Are you not listening, Mr Hudak?

Mr Hudak: Yes, and I'm getting a little nervous that you're going to break—

Hon Mr Gerretsen: Fifty-three per cent plus 13% is 66%.

Mr Hudak: I've been there. I know that as a minister you set the direction. You bring the proposal to cabinet.

Hon Mr Gerretsen: Exactly.

Mr Hudak: You determine if you're going to keep that promise or not, sir. I'm hearing you today saying, “Maybe that promise is off as well.”

Hon Mr Gerretsen: No, you didn't hear me say that at all.

Mr Hudak: Please tell us, Minister, will you keep that commitment, yes or no, and will you keep your other commitment to preserve 100% of the agricultural exchange in that same area? You made two distinct promises, and I really hope you're not starting out this new year by breaking two key promises you made.

Hon Mr Gerretsen: It is certainly our intention to keep our platform commitments, sir. It is certainly our intention to do that.

Mr Hudak: But will you set aside two thirds of the Seaton land, as you promised in the campaign? Please, yes or no?

Hon Mr Gerretsen: Whatever we promised with respect to Seaton and with respect to the agricultural preserve, we will certainly live up to those commitments.

Mr Hudak: I'll take that as a yes, Mr Chair. How am I doing on time?

The Chair: Are you asking me or telling me? You have two minutes.

Hon Mr Gerretsen: Is this cross-examination, by the way, Mr Chair?

Mr Hudak: No, you scared me, because it looked like you were trying to break—

Hon Mr Gerretsen: In cross-examination, you're not allowed to ask leading questions, and they were leading questions. But I don't mind that. I don't mind it at all. Just keep it coming.

Mr Hudak: I just wanted to make sure that you kept—you scared me. I thought, “Oh, no. They are going

to start out by breaking their promise [*inaudible*] but now the minister assures me that they will—I hope. I will read the transcript carefully. The minister has been in politics a long time, but I sincerely hope you will live up to your campaign commitments of two thirds of Seaton and 100% of the agricultural preserve.

Ian Urquhart wrote a column on Monday, October 11, with respect to rent controls. He said, “The Liberals specifically promised to restore rent controls on vacant apartments, decontrolled by the then-Conservative government in 1998. But the Liberals added this qualifier: If vacancy rates were above 3% in any given community, full controls would not be restored.” That's Mr Urquhart's article.

Are you going to keep your promise with respect to rent controls and decontrol?

Hon Mr Gerretsen: You'll have to wait until the legislation is presented—

Mr Hudak: Oh, but we're back—

Hon Mr Gerretsen: Mr Hudak, you are trying have me reveal potential legislation.

Mr Hudak: Just tell me if you're going to keep your promise.

Hon Mr Gerretsen: Sure, we're going to keep our promise.

Mr Hudak: Both your promises.

Hon Mr Gerretsen: We're going to give real protection to tenants, sir. We're going to live up to our campaign commitments with respect to tenant protection.

Mr Hudak: And with respect to allowing vacancy decontrol for vacancy rates over 3%, as Mr Urquhart describes your campaign platform, will you live up to that specific commitment, sir?

Hon Mr Gerretsen: I wonder where he gets all that information. Do you ever wonder where these columnists get their information?

Mr Hudak: I'm just wondering if you're going to keep that promise. Are you going to keep that promise? Please tell me, because I'm the critic and I want to make sure you have a clean record in the new year.

Hon Mr Gerretsen: We are going to bring in better rent control legislation and better tenant protection.

The Chair: Thank you, gentlemen.

Hon Mr Gerretsen: This is fun. Can I come back tomorrow?

The Chair: Minister, you're more than welcome to return tomorrow.

I would like to ask if there are any members of the committee who have questions to table at this time. If not, this committee will reconvene tomorrow at 3:30 or at such time as orders of the day have been completed. At that point, we will have two hours and 15 minutes remaining. This committee stands adjourned.

The committee adjourned at 1800.

CONTENTS

Tuesday 19 October 2004

| | |
|--|--------------|
| Ministry of Municipal Affairs and Housing | E-233 |
| Hon John Gerretsen, Minister of Municipal Affairs and Housing | |
| Mr Doug Barnes, assistant deputy minister, housing division | |
| Ms Joanne Davies, acting assistant deputy minister, planning and development division | |

STANDING COMMITTEE ON ESTIMATES

Chair / Président

Mr Cameron Jackson (Burlington PC)

Vice-Chair / Vice-Président

Mr John O'Toole (Durham PC)

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge L)

Ms Caroline Di Cocco (Sarnia-Lambton L)

Ms Andrea Horwath (Hamilton East / Hamilton-Est ND)

Mr Cameron Jackson (Burlington PC)

Mr Kuldip Kular (Bramalea-Gore-Malton-Springdale L)

Mr Phil McNeely (Ottawa-Orléans L)

Mr John Milloy (Kitchener Centre / Kitchener-Centre L)

Mr John O'Toole (Durham PC)

Mr Jim Wilson (Simcoe-Grey PC)

Substitutions / Membres remplaçants

Mr Tim Hudak (Erie-Lincoln PC)

Mr Michael Prue (Beaches-East York / Beaches-York-Est ND)

Clerk / Greffier

Mr Trevor Day

Staff / Personnel

Mr David McIver, research officer,
Research and Information Services



E-11

E-11

ISSN 1181-6465

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Wednesday 20 October 2004

Journal des débats (Hansard)

Mercredi 20 octobre 2004

Standing committee on estimates

Ministry of Municipal Affairs
and Housing

Comité permanent des budgets des dépenses

Ministère des Affaires municipales
et du Logement



Chair: Cameron Jackson
Clerk: Trevor Day

Président : Cameron Jackson
Greffier : Trevor Day

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 20 October 2004

Mercredi 20 octobre 2004

*The committee met at 1541 in room 151.*MINISTRY OF MUNICIPAL AFFAIRS
AND HOUSING

The Chair (Mr Cameron Jackson): I'd like to call to order the standing committee on estimates. I'd like to welcome the Minister of Municipal Affairs and Housing, the Honourable John Gerretsen, and his Deputy Minister and assistant deputy minister. We have two hours and 14 minutes remaining. We are in 15-minute rotations, which means one of you will get 14 minutes. I do not want a fight to break out at this moment, but I will recognize Mr Prue immediately.

Mr Michael Prue (Beaches-East York): Yesterday, in my last opportunity to ask questions, I was asking about your commitment to strong rural communities. At that point, I only had one or two questions left. So I'll get right to it.

You're coming forward within the year with a new City of Toronto Act. That act is only a few years old. It's not very old at all and it has been amended already a couple of times. Are you coming forward with a strong rural communities act? Are you coming forward with something that will help the 300 or so small rural towns in this province?

Hon John Gerretsen (Minister of Municipal Affairs and Housing, minister responsible for seniors): What we're coming forward with is a review of the Municipal Act that was passed in, I believe, 2001. We've launched that review already. We launched that early in June together with the review of the City of Toronto Act. We have had a period of about three months in which we've asked municipalities, the Association of Municipalities of Ontario and a number of other stakeholders, interested parties and business organizations to come up with suggestions to the Municipal Act as to how the act can be changed and strengthened.

That period of time is just about over, if it's not over already. We will be reviewing all the various submissions, including the submissions from AMO, and we will then sit down with the stakeholders, with the municipalities, the municipal world to determine what effective changes can be made to the Municipal Act to, in effect, give municipalities greater autonomy, more permissive powers in legislation.

The City of Toronto Act review is going on at the same time as the Municipal Act review, realizing full

well that many of the issues are the same and some of the issues won't be the same because of the unique character and size of the city of Toronto.

Mr Prue: I just want to be clear here. You've had some discussion, but you really have, at this point, I would take from your answer, no real idea where you're going, other than to make the changes after you've studied them.

Hon Mr Gerretsen: That's correct.

Mr Prue: All right. The reason I was asking this—and I happened to be reading these Toronto Press Todays. They're always a wealth of information here. I see that the federal government is pondering an aid agency to help rural Ontario, particularly eastern Ontario. Is this part of your plan? Have you been consulted on this?

Hon Mr Gerretsen: No, but certainly, being from eastern Ontario, I realize the shortcomings over the years as far as eastern Ontario is concerned in a number of different areas. There is a lot of help required from an economic development viewpoint, and we welcome the federal government's intervention in that regard.

Currently, the government does not have on its agenda any particular plan of action with respect to a particular region, other than northern Ontario, which of course has had its own ministry for some time, the Ministry of Northern Development and Mines.

Mr Prue: What was quoted to the Toronto Star in this particular article in today's Toronto Press Today didn't seem to me to be benefiting the municipalities as much as the Liberal Party: "The official said"—in terms of this sort of aid, which you say is necessary out there—"the idea was packaged 'in terms of seats lost' in the June election, when the Liberals were reduced to 75 of 106 seats in Ontario," and then went on to say that it was "an idea that was floated in the context of a larger discussion...."

It's a way, I guess, of pork-barrelling. I want to make sure you're not doing the same thing here in Ontario.

Hon Mr Gerretsen: No; heaven forbid. We would never do that. We've got enough issues to deal with within the provincial level of government. We really do not control what's happening on the federal scene, but we certainly encourage the federal government, of whatever political stripe but preferably of the Liberal stripe, to get more and more involved in the community life of the people of Ontario by strengthening communities. As has been said by Mayor Miller, by a number of other muni-

cial leaders over the last number of months and by our own Premier, the stars have aligned; at least, all three levels of government realize that there is a tremendous need for them to work together to make sure that the communities that exist in this province, large and small, have the attention paid to them, particularly from an infrastructure viewpoint, that is required by all levels of government.

I can tell you that back in the Peterson government days eastern Ontario did get special attention in that in a lot of ways it was regarded in the same economic development mode as northern Ontario. And I can tell you that people in eastern Ontario, from communities large and small, perhaps outside the immediate Ottawa area, feel that there is just as great a need in eastern Ontario as there is in some of the other parts of Ontario, particularly northern Ontario, and we would welcome any government involvement that will help to stimulate the economy in those areas.

Mr Prue: In the Peterborough Examiner on October 19, 2004, the Premier is quoted as saying that he wants to “bridge gaps between rural and urban Ontarians.” He went on to make quite a speech about there being a trickle-down effect if he helps Toronto, but really didn’t say anything about your government’s intent of helping rural Ontario.

Again, I would like to ask, other than the consultation and that no plans have been made, are there any plans to assist small-town Ontario?

1550

Hon Mr Gerretsen: As I mentioned yesterday, certainly the continuation and the enhancement of the OSTAR program, I think, is a positive step whereby rural Ontario can be helped from an economic development viewpoint. That’s one particular area. I would say, with the gas tax announcement that has already been made, there will be certain municipalities that have transit systems in some of our smaller communities, in what some people would regard as rural Ontario, that will be helped as well. Of course, the other major plan that there will be an announcement on, I hope within the near future, is the finalization of the COMRIF arrangements with the federal government, which will open up up to \$900 million worth of federal, provincial and municipal money, which of course is all the taxpayers’ money; it’s all our money in one way or another. That \$900 million will be available over the next five years to deal with the infrastructure needs of small-town and rural Ontario.

We all know that it’s needed when it comes to infrastructure repair—roads, bridges, water and sewer plants in the various communities—to meet the standards as required as a result of the Walkerton report and the implementation of its recommendations.

There’s a tendency in the media, particularly the Toronto media because it’s focused here in Toronto, and the provincial media, to pay more attention to the problems of Toronto and the larger communities. But taking into account the scale of smaller communities, I can tell you that there are just as many problems in smaller com-

munities. We think an awful lot of that has to do with the fact that, over the last eight to nine years, programs have been downloaded from the senior levels of government, certainly including the last government, when many, many programs were downloaded to local municipalities without adequate resources to go along with it, and the local councils were required to pick up the tab of those programs’ continuing. That imbalance that has been created over the last eight to 10 years—and not just at the provincial level, but certainly also as a result of some federal downloading that took place in the 1990s—has to be corrected. The property tax base simply isn’t the proper base on which to fund health care and social programs. Any expert will tell you that.

It then becomes a question of how quickly those imbalances that have been created over the last number of years can be corrected. That’s what we’re working on. If it wasn’t for the \$5.5-billion deficit that the last government left us with, we’d be able to attack those problems to a much greater extent than we have been able to so far.

Mr Prue: The next line of questioning, since I’ve still got about five minutes: We’ve just been given today what was asked for yesterday: a list of the north Pickering land exchange external consultants. I’m particularly intrigued by the number of contracts that have been let for archaeological assessment services: two to a group by the name of DR Poulton and the rest to a group by the name of Archaeological Assessment Ltd. My fast mathematics would put it in the range of about \$300,000.

I wonder if someone can explain exactly what these firms do. The reason I’m asking this, is my true great love is anthropology, which I studied in university, and I cannot for the life of me imagine why you would spend this much money in this particular area, and so many contracts.

Hon Mr Gerretsen: Do you mean in the area of study or the Seaton area? The Seaton area is a prime area in this province, and it has been for the last number of years. I hope you weren’t slamming the Seaton area at all.

Mr Prue: I’m not slamming the Seaton area.

Hon Mr Gerretsen: Oh, OK.

Mr Prue: In fact, the very first anthropological dig I ever went on was in the Seaton area.

Hon Mr Gerretsen: Then you probably know why this money is needed to do the digs.

Mr Prue: I’m very curious as to why there are nine separate contracts.

Hon Mr Gerretsen: I’ll ask the assistant deputy minister, Joanne Davies, to answer that, please.

Ms Joanne Davies: As you obviously know because of your interest in archaeology, historical records show that there were aboriginal settlements along the watercourse that runs through that area in the past. As part of the environmental assessment to determine what lands should be disposed of by the province to the developers and as part of doing the land use planning for Seaton, the land, which is a large mass, was divided into sections. In

order to do the archaeological assessment in the season, because when you're looking—I'll start by saying what they do. They actually go and turn over the soil on a grid basis looking for pottery shards and artifacts—

Mr Prue: They're looking for fires, campfires, that kind of stuff.

Ms Davies: All of that stuff. So in order to do it in the growing season, when there's not snow on the land etc, we had to have those firms bid on the basis of their ability, with the resources they had, to complete the work within the months that were allotted. So the reason there are so many is, we divided the land, we did a contract procurement process for each section of the lands and then the successful bidder won it, and they are actually out doing it. They also have to compete not just with snow but with the crops growing and the height of the crops, because you can't see the land during certain portions of the year.

Mr Prue: Is there any evidence in the land that you are sending them into, or is this just hit and miss: dig down six to eight inches, which is the usual norm—it can be a little more in some places—see whether there's any pottery shards, see if there's any flint, see if there are any burnt fires? Are they just looking at random, or is there indication? Do they have some archaeological evidence from farmers tilling the soil or something in areas where they might expect to find it?

Ms Davies: In fact, in the 1970s, when there was an initiative to develop Seaton—as you know, over the years there have been some proposals to develop Seaton—there was some earlier archaeological work done. Part of that was discussions with the people who had been either tenant farmers or permanent farmers in the area, as well as discussions with the aboriginal communities which historically had settlements in the area, to determine the key areas. The work that was done in the 1970s was based on information that showed the highest probability areas. The work that's being done now, as is required as part of the environmental assessment process, takes that work as the underpinning information, but it is a thorough evaluation, and all of the lands are being examined.

The Chair: Thank you, Mr Prue. I'd like to recognize Mr Arthurs.

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge): I've got some questions for the minister. I'm going to preface it with some comments. I'll give him a chance to hear some background as well as consider some response.

As recently as our meeting yesterday, Mr O'Toole was kind enough to comment on whether or not I'd be asking any questions about Seaton. Since it's our rotation, it seems like an opportune and appropriate time. I must say, Mr Hudak has been doing an interesting if not admirable job in tackling some of the issues, although at times misguided. But that's OK; that's part of the role.

Mr Tim Hudak (Erie-Lincoln): I need some assistance.

Mr Arthurs: I can understand that, and that's why I'm going to try to provide a little context that might be

helpful. Even Mr Prue went as far as to say at one point that it was fascinating, but proceeded on to some other matters in the interim—

Mr Prue: But there's so many.

Mr Arthurs: —there are so many—and to come back to it today.

Let me begin, if I can, with just a little bit of history that might be interesting and hopefully helpful. As a matter of fact, it was only in May 2002 when I was chairing a meeting as the mayor in regard to the Greater Toronto Airports Authority initiative that's being undertaken to do what's now a master planning process, including an environmental assessment and all the context of that—not just the physical, but the social and economic environment—to determine whether or not an airport would be appropriate in Pickering at this point in time, of some scale, on the federal lands. Maybe at some point I'll comment on that distinction, physically, as well.

It was in May of that year when we were in a meeting, and the gentleman who's a member of the Pickering community, Tommy Thompson—both he and his wife Isabelle have been very active for a long number of years. As a matter of fact, they've been active in this process since 1972 when, having just bought their home in the village of Whitevale, a matter of weeks after moving in, the announcement was made—and I don't know the exact date, but it was late May of 1972—that there would be a federal airport, and the process of expropriation began. Their property was expropriated for Seaton. So they've had a pretty active engagement for 32 years now, and they continue to be active. They were very active with People or Planes. The People or Planes organization, from 1972 to 1975, remained very, very active until the plug was pulled on the federal airport in the late summer, early fall of 1975.

1600

That's the very early beginnings of how we ended up with 25,000 acres expropriated by the provincial government of the day, which occurred almost simultaneously, I guess, to the federal expropriation of 18,000 acres. One can imagine 43,000 acres of expropriated land and the upheaval that caused within the community, both in the villages and the rural farming community. It was havoc for a long period of time, and that history hasn't gone away. It diminishes over time but it does manage to surface each time we address the matters of the provincial and federal holdings.

My own engagement, you might be interested, since certainly people are aware of my municipal background, at least in the context that I served municipally, started as early as 1980. As a matter of fact, it started before that. It started in the late 1970s when I was a brand new resident in the town of Pickering. On behalf of the townhouse I purchased, we formed our first condominium board and I probably had a little too much to say and ended up as the president. You can see how life evolves. I went to the local council to deal with some service issues. As a matter of fact, the mayor of the day, when I went to my first town of Pickering council meeting, was a former

member of this Legislature. The Honourable George Ashe served here for about nine or 10 years, from 1974 or thereabouts, maybe a little later, 1976, 1977, until 1987, when he was replaced by a Liberal member. As a matter of fact, Mr Ashe and I went nose to nose and head to head in 1988 for the mayor's office; he thought he might like to return to that position. I had my own particular designs on it, and the outcome was such that I became the mayor in 1988.

My engagement goes back to the mid- to late 1970s, and 1980 was my first run at political office as a ward 3 council candidate against an incumbent regional councillor. It happens that Seaton and the federal lands all fall within the ward 3 boundaries. So it was really early on that I was asked, among the early doors I knocked at, to oppose Seaton. That was the position of many in the rural community—let alone the airport. There was absolutely no way anyone would touch the airport with a 10-foot pole. A political candidate could be assured of defeat, particularly if they weren't an incumbent.

The Seaton issue was not quite as intense. Enough time passed, a better part of seven or eight years, since the expropriations and the first foray of the airport itself had been put on the shelf and the Seaton stuff was sitting a little bit dormant. But there was still a pretty active interest in not seeing anything happen on those lands, ever—not then, not in the interim and, quite frankly, in some folks' minds, I would suggest, not today, in spite of the overtures on occasion. I think if you really got down to it, there are still quite a few people in the rural part of the community in particular, who, if they had their druthers, would see the land stay fallow for at least another 30 years.

I had the opportunity to first be elected in 1982 as the first of the three-year rotations on municipal council. I guess the whole discussion around the city of Toronto yesterday will make for another interesting discussion. It's one that I would be interested in hearing the outcome of as well. That was the first of three-year rotations. During that time, Peter Walker undertook a study. It was Walker-Wright, but I'm not sure whether that was the whole name of his company in those days. Peter undertook a study on behalf of—to my recollection—the town. As the ward councillor, I wasn't necessarily completely in the loop with all the things the veteran members were aware of. Peter undertook that study and the outcome of that process was, I think it's fair to say, there was no economic imperative to Seaton in those days. There was booming growth activity going on in the relatively small town of Pickering with lots of new subdivisions; I was living in one of those. There was a mix of higher and medium density. The community I lived in, right near what is now the new city hall and the town centre, which was a mall, had mixes of condominium townhouses, semis and singles. They have 1,100 condominium townhouses right in the downtown area. So I think it was kind of long-range thinking at that time that we had to create, even in a suburban environment, some fair density, some critical mass, and I think

that history has continued. But Peter undertook—I think it was 1983 or 1984, I can't recall exactly—but we went through the process in our chambers of the day with the community inputs and the like. The final outcome was kind of a walk away from it; no real interest. There was no economic imperative to drive that agenda.

The following—I think in these three-year windows, the sound bites of three-year municipal—I'll have to use four-year municipal bites now. Now that we have a fixed date to work with as well, there won't be the speculation I had to go through for six months last year wondering when Ernie might get around to calling an election. We waited and waited and waited. At least now we know exactly know what we're looking at for October 2007.

So the municipal thing, from 1982 to 1985, that activity of Peter Walker, ended up in the Seaton activity being shelved. From 1985 to 1988, it remained relatively inactive. I can't recall very much happening. I think everyone just sort of put it on the shelf. During that period there was a provincial election and one of our councillors, a former member of the Legislature Norah Stoner was elected to replace George Ashe and came to government.

In 1988, I was fortunate to be elected as the mayor, and shortly after that, there was a renewed interest in Seaton by the then-Peterson government. As a matter of fact, I'm not quite sure how the charge got led. That's respectful to government. But Henry Stolp made a private sector proposal, I guess, to the government of the day to develop Seaton. As a matter of fact, they held a press conference downtown somewhere, and I have to tell you that some of the Pickering council members—and you know what Pickering council members are like, Minister. They can be a little bit aggressive on occasion to defend their interests. A couple of my councillors of the day came down to that press conference and they really had a lot of fun with Henry at that point for holding a press conference in Toronto about activity going on in Seaton and in the town of Pickering.

I must say, the Premier of the day, Premier Peterson, was wise enough at that point to interject with significant provincial interest. I had the opportunity to host a press conference with the then Premier in the then town, now city of Pickering's brand new city hall. Again, I don't have the dates exactly, but that was in the spring—

The Chair: Mr Arthurs, if you wouldn't mind me interrupting you, you've got another 14 years to go and you've got three minutes left. I just wanted to let you know where you were in your loop and I didn't want to cut you off at the end if you needed to get a question in.

Mr Arthurs: That's not a problem. Thank you, Chair.

We had a wonderful press conference in which then-Premier Peterson came to the municipality and expressed an interest in pursuing a co-operative, joint initiative with the municipality. Unfortunately, he called an election and that put that aside.

The NDP government then picked up the cause, I would suggest, and started a fairly comprehensive, proactive process as well with the community. I was

involved directly, the regional chairman of the day was involved and his staff were involved. That process continued—as a matter of fact, Mr von Nostrand was, I think, one of three groups that submitted a submission on that; a general concept. It wasn't a plan, but it was a preferred kind of approach of the day. Glenn Harrington did some wonderful environmental work among the consulting group. I remember that Ray Simpson from Hemson Consulting made submissions to us on what was going to happen to population growth in the GTA and all those things, and it all came to pass, in spite of the dire time that we were having.

Minister, I know my time is running short and I could probably use a lot more time. I know that Mr O'Toole and Mr Hudak in particular, if not Mr Prue, would appreciate it if I had further rotation on this to allow me to finish a little bit of the history, anyway. But more specifically, to sort of finalize—can you advise the committee of the approach being taken by you, by government, on its working relationship with the region and the city in an effort to move this agenda forward in an effective fashion?

1610

Hon Mr Gerretsen: Your involvement with this has been a lot longer than my own involvement. My own involvement is exactly one year less three days. I started on October 23 last year.

Let me just say this: As far as the development of these lands is concerned, my approach right from the very beginning has been to work together hand in hand with the city of Pickering and the region of Durham because I realize full well that at the end of the day they are going to be the host municipalities in which this new community or communities of Seaton will function. I have indicated that personally to Mayor Ryan. I've had a tour of the whole area. I've indicated it to Chairman Anderson on a number of occasions.

I understand that perhaps some of them—I shouldn't say "some of them"—I understand from a comment the mayor made that he perhaps isn't as pleased with the way this has happened. I have once again indicated to him, in letter form as well, that that's the intention and the instructions I've given to the ministry. I realize that it's very important that at the end of the day the city of Pickering is going to be pleased with the final development as well. I believe we've bent over backwards in order to have the lower tier and the upper tier involved in this process.

I think there also has to be a realization, particularly since the land exchange has been agreed to with the owners in the Oak Ridges moraine area, that at the end of the day those individuals or those companies intend to build in this area. That's where it may be somewhat different from the past, when perhaps governments had great intentions, but maybe there wasn't quite the same need to ultimately come up with a development plan, because in this particular case, part of the land is going to be owned by the developers that we've exchanged the land in the Oak Ridges moraine area with. But it's

certainly the government's intention and our intention to make sure the property gets developed with the full knowledge, co-operation and input from Pickering and Durham.

Mr Hudak: Thank you, Minister, for getting back to us some of the information requested with respect to the outside contracts.

In the absence of Mr Kozman again today, maybe Ms Davies could come forward to respond to some questions on the Oak Ridges moraine land swap.

Thanks again for being here today. I think we left off yesterday with respect to how you determined the environmental value of the land in the Seaton area and the process for setting aside which properties could be developed and which ones were too environmentally sensitive. I had some follow-up questions at that point in time for the minister with respect to the government's commitments on preserving two thirds of the Seaton land and 100% of the agricultural preserve, and I look forward to the verbal gymnastics in the responses once Hansard comes forward.

What I didn't get to is the 47 acres that existed in the—

Hon Mr Gerretsen: If you want me to answer that—no? OK.

Mr Hudak: I think I gave the minister plenty of time yesterday.

How were the additional 47 acres, as part of the 2003 supplemental agreement in the Richmond Hill area, determined?

Ms Davies: There was no involvement of myself or my staff in that process.

Mr Hudak: Who, then, determined the appropriateness of those 47 acres?

Ms Davies: I don't know the answer to that question.

We were advised that additional lands were going to be protected, and staff moved forward to initiate negotiations with those new owners whose lands would be protected on the moraine and would receive lands in Seaton to ensure that the same level of negotiations that had gone on with the initial owner was undertaken with the new owners.

Mr Hudak: I'm a bit puzzled, because the North Pickering land exchange corp—I probably don't have the name completely correct—seemed to be intimately involved back a couple of years now in terms of what pieces of property in Richmond Hill, which pieces of property in Seaton, the analysis from an environmental point of view and the analysis from an appraisal point of view. So I'm very puzzled, then, why the group wasn't involved with the finding of the additional 47 acres in the Richmond Hill area in the 2003 supplemental.

Ms Davies: The north Pickering land exchange team was involved in doing the appraisal work and all of the detailed work on the additional lands that we were advised were to be protected in the same way they were on the original lands in Richmond Hill.

Mr Hudak: OK. So when you went to do your appraisal work, the 47 acres had already been determined

and you had a list of some kind of where those properties existed.

Ms Davies: The initial appraisal work on the first lands had commenced prior to the additional lands, and when we were advised that additional lands were to be protected, we, through the process that you have in the consulting information, also sought to have the same type of appraisals done on those lands, with the difference that I mentioned yesterday: the valuation date being different.

Mr Hudak: Help me understand the process, then. The Premier declared that he was going to stop all of the houses. The minister was set to work to try to save face, in my opinion—my words, not yours—for the Premier because he made an irresponsible promise. Somehow they came to a level of acreage and number of homes; I believe 900 homes is how it has usually been described in the media. Help me understand the process. How were those 47 acres or those 900 homes determined, as opposed to the initial tranche of 8,000 or whatever it was?

Ms Davies: They weren't determined by the civil service. We were advised, when the government took power, that additional lands would be protected, and we moved quickly to initiate the process to implement the government's decision to save those additional lands.

Mr Hudak: Somebody must have interacted with the Richmond Hill landowners to determine those 47 acres. It wasn't the north Pickering land exchange corp; it wasn't the civil service—

Ms Davies: Correct.

Mr Hudak: So who was it? Was it the Premier? Was it the minister? Was it the Premier's office?

Ms Davies: That, perhaps, is a better question for the minister than for me.

Mr Hudak: I'll ask the deputy. Deputy, were you involved in determining those additional 47 acres?

Mr John Burke: No, I wasn't.

Mr Hudak: You must have had a conversation. You must have found out somehow what these additional 47 acres were. How did that transpire?

Mr Burke: I was actually in another ministry at that time when that decision was made. But I can tell you this much—

Mr Hudak: Was it the previous deputy minister, then, that was involved in these discussions?

Mr Burke: The North Pickering Development Corp really wasn't involved in the determination of which lands were going to form the original transfer of properties. The government, as you know, at the time, made that determination. Our involvement really got started when Seaton lands became part of that mix.

Mr Hudak: Right. I'll ask the minister, then. Those additional 47 acres or the 900 homes as part of the supplemental agreement: Did you yourself determine that these 47 acres were appropriate? How was that determined?

Hon Mr Gerretsen: The negotiations were started at some point in time between the government being elected to office or the election day, being October 2, and the government taking office on, I believe, October 23. I

understand that, in a lot of different ways, once the electoral process determined who the government was going to be or which party was going to form the government, there are certain mechanics in place from the bureaucracy that directions are taken from different people. But before April 23, before my appointment, individuals within the Premier's office entered into the negotiations with the developers to try to create a wider corridor for wildlife.

Mr Hudak: So sometime after the election day and your swearing in as minister on October 23, individuals in the Premier's office sat down with the developers and said, "What land are you going to free up to help the Premier keep his promise?"

Hon Mr Gerretsen: I wouldn't categorize it that way. It's my understanding that discussions were entered into to see how a larger parcel of land could be part of the saved moraine.

Mr Hudak: Who was involved in those discussions, particularly?

Hon Mr Gerretsen: I don't know who exactly was involved in all of the negotiations at that point in time. I wasn't the minister at the time.

Mr Hudak: You didn't have the curiosity to ask how these 47 acres were come upon.

Hon Mr Gerretsen: Not on October 22. I wasn't a minister at the time, or before that.

1620

Mr Hudak: Since October 23, have you been briefed on how these 47 acres came to the table?

Hon Mr Gerretsen: Sure. It was determined that these 47 acres were regarded—all you have to do is look at the maps, schedule B, which is attached to the letter that the fairness commissioner has—

Mr Hudak: And in that—

Hon Mr Gerretsen: You asked a question. Let me answer, please.

There's a letter here of July 14 that has a number of schedules attached thereto. One of the schedules is a plan of the Oak Ridges moraine area, and it shows which lands are to come into public ownership, which included the 47 acres. So the additional lands, I believe, are indicated on that map, not the other map.

The Chair: Minister, could you identify the document?

Hon Mr Gerretsen: The document is the July 14, 2004, letter from the fairness commissioner addressed to myself.

Mr Hudak: So, Minister, we do know that you were briefed on the 47 acres sometime after you were sworn into office—

Hon Mr Gerretsen: No, I was briefed on the additional land exchange, not the 47 acres as such.

Mr Hudak: OK, but as part of that briefing on the additional land exchange, did they let you know the quantity of land that was involved?

Hon Mr Gerretsen: Yes, and the number of units that it represented.

Mr Hudak: And was it the same individuals, then, from the Premier's office who did the negotiations who briefed you?

Hon Mr Gerretsen: Indirectly.

Mr Hudak: I don't know if I understand "indirectly."

Hon Mr Gerretsen: There were briefings held with some of the ministry officials as well, and I believe they had access to the individuals that were involved as well. I don't remember any direct briefings from those individuals, but there could have been some discussions at some point in time.

Mr Hudak: I imagine when you describe it as "Premier's office staff," it was political staff. It wasn't civil servants at work in the Premier's office.

Hon Mr Gerretsen: They worked for the Premier. Whether or not they were officially, at that point in time, staff at the Premier's office, whether or not all the necessary employment documents had been signed, I really know nothing about. All I know is that they were with the Premier-to-be.

Mr Hudak: Right. But you don't know who the individuals were in the Premier's office who entered negotiations with landlords?

Hon Mr Gerretsen: I know one of the individuals, but I have no idea as to how many other people were involved at that time.

Mr Hudak: And the one individual?

Hon Mr Gerretsen: Is Dave MacNaughton.

Mr Hudak: So one of the top guys in the Premier's office entered into negotiations with the landowners—the 47 acres.

Hon Mr Gerretsen: Yes, that's right.

Mr Hudak: Did Mr MacNaughton have expertise in appraisals or environmental assessment or anything like that?

Hon Mr Gerretsen: You'd have to ask him that.

Mr Hudak: To your knowledge, Minister?

Hon Mr Gerretsen: I have no idea.

Mr Hudak: We've understood how it works on the Seaton side. There's a very detailed environmental assessment process; there are outside experts brought in from the appraisal process. Did Mr MacNaughton bring these skills to the table, or how did he determine the appropriate 47 acres in Richmond Hill?

Hon Mr Gerretsen: It's my recollection that the appraisals came after a determination was made as to how many additional acres would be part of the bad deal that you had made with the developers before that—in order to make your bad deal a better deal, you see. So the actual appraisals were done well after that. As a matter of fact, they were done so much after that, it was only recently—near the end of May or June—that the appraisals of both properties were made, the deal was put together and the deal was sent off to the fairness commissioner, and he commented on that on July 14 of this year. His letter is only about three months old.

Mr Hudak: But I don't think the fairness commissioner's report talks about Mr MacNaughton's meeting

with the land developers. I think that is new news, as far as we know.

Hon Mr Gerretsen: No, I think the fairness commissioner looked at the results of the various documentation signed by the province and by the developers that were involved, and looked at the various appraisals that I assume were done of the property.

Mr Hudak: So how did Mr MacNaughton make the determination that the appropriate level of acreage in the supplemental deal was 47 acres in Richmond Hill?

Hon Mr Gerretsen: It's my understanding that basically the developments had either been totally approved or were before the Ontario Municipal Board. There were certain owners—I believe there were six owners involved—who owned a certain amount of land, and these were the areas that were agreed upon that would be brought into public ownership in the Oak Ridges moraine area, and a determination would be made later on as a result of the appraisals that were going to be done of both the Seaton land and the Oak Ridges moraine land as to how many acres would be exchanged for the total 1,050 acres, and it turned out to be about 1,250 acres.

Mr Hudak: Thank you, Minister. I think we all know what transpired later on; I'm just trying to understand how the 47 acres were determined. You said just now that you looked at the different contracts that existed and the OMB. I'll ask the assistant deputy minister, if I could.

Hon Mr Gerretsen: If you look at that map, they are rather at a crucial period of time.

Mr Hudak: Did the civil service assist—

The Chair: One at a time.

Hon Mr Gerretsen: You asked me a question and you won't allow me to answer.

Mr Hudak: Actually, Chair, I didn't ask him a question.

The Chair: We all went through this, parenting. The fact is, when one stops, that's a signal that it's time to answer. I only need one of you. Hansard's not getting it and it looks terrible on TV. Let's try it. If it is a question, frame it as a question and proceed. The minister will be brief and we'll be able to use up your last minute effectively.

Mr Hudak: Thank you, Chair. Just to the assistant deputy minister, did the civil service assist Mr MacNaughton in his negotiations with the landlords?

Ms Davies: It did not.

Mr Hudak: So we don't know how he got the information about what contracts had been signed, what land was before the OMB. The civil service is not aware of how Mr MacNaughton got these details.

Ms Davies: It had no direct involvement.

Mr Hudak: As far as the civil service knows, he entered these negotiations on his own from the Premier's office.

Ms Davies: I have no knowledge of how he entered into negotiations.

Mr Hudak: Minister, will you make any documentation available, given this revelation with respect to Mr MacNaughton's role in the Premier's office, about how

they determined which acreage to make part of the 2003 supplemental agreement; whom he had meetings with to determine the appropriate acreage, if there were any third parties involved; and lastly, any briefing material that was given to the minister or the Premier?

Hon Mr Gerretsen: I don't think we're in a position to make any of that documentation available. I believe they were basically in the nature of advice to the minister and to the Premier at the time. I think the results of the acreage that was subsequently agreed to and what it was exchanged for in Seaton speaks for itself. But certainly, the documentation with respect to the actual appraisals, I don't see any reason at this time as to why they shouldn't be released, once all of the transactions have been completed between the owners on the Oak Ridges moraine and the owners of the Uxbridge lands. Once all of those deals have been finalized, then the documentation with respect to those transactions can be released.

The Chair: Thank you very much, Minister. Mr Prue?

Mr Prue: How much time do we have in this rotation?

The Chair: Fifteen minutes.

Mr Prue: Fifteen minutes again?

The Chair: Yes.

Mr Prue: And then how is the balance used up at the end, whatever that is?

The Chair: I'll let you know when we get there.

Mr Prue: All right, when we get there. OK.

Don't go away. We're doing Seaton some more. You're not that lucky today.

What I've heard today came as a little bit of a surprise, in terms of all these archaeological contracts. It would appear to me—and tell me if I'm wrong, any of you: the minister, the deputy minister, anybody—that what has happened is, you have swapped land that was environmentally sensitive in the Oak Ridges moraine for land that is archaeologically sensitive in Seaton.

Ms Davies: Is that a question?

Mr Prue: Yes.

Ms Davies: I think that, as part of the normal planning and development process anywhere in the province, it requires a number of studies to assure the decision-maker of the suitability of the land for development. That includes environmental work, archaeological work, servicing work, all of the range of studies that municipalities require.

As the minister identified, there is a natural heritage system to be protected. That includes the river valleys associated with the watercourses that go through the Seaton lands and the expectation, based on the work done to date, that any artifacts to be found will be found on those banks because, historically, aboriginal communities settled on the banks of rivers because that was the source of water.

As a matter of due diligence, the parcels that are proposed to be exchanged—they aren't in the natural heritage system; they're the tableland in between—are being assessed, as would be required in any development of this type, to ensure that there weren't aboriginal

community settlements that we don't know about. So that is the purpose; not because there is knowledge that there will be artifacts found in that land, but to ensure that any aboriginal heritage is identified and protected through the development process.

1630

Mr Prue: That's all well and good, but what is going to happen if you find archaeological remains? What if you find shards or postholes or perhaps even a midden? I doubt very much you're going to stop the sale of the land or the subsequent construction on it. Would I be correct in that?

Ms Davies: I think there are several parts to the answer to your question. The reason we have said that the documents cannot be released and the agreements haven't closed is that the environmental assessment process is a critical component in determining the parcels to be exchanged. The agreement to effect the land exchange is predicated on the outcome of the environmental assessment, and should it show that a particular piece of land is not suitable to be exchanged, it won't be.

To answer your question more specifically—and I asked the very question myself when this process was commenced—there's a hierarchy of actions that are taken depending on what is found in the land.

Mr Prue: Yes, I was going to get to the more serious ones in a minute.

Ms Davies: For example, generally in Ontario, where the environmental assessment has found some arrowheads or pottery shards or those types of artifacts and nothing further, there are discussions with the appropriate aboriginal community. Those are sometimes put into local museums or returned to the community. As you know, all of southern Ontario had a fair amount of aboriginal cultural history on them, so there's established practice on how to treat them. Different types of findings, though, require different types of responses.

Mr Prue: If you were to find a graveyard—and we know there's a very large one near Keene, on the Serpent Mounds. I don't think that would have gone that unnoticed in the Seaton lands, but you never know. If you were to find one down a few feet, what would be the action then?

Ms Davies: Dealing with aboriginal cultural heritage is the responsibility of the Ministry of Culture, but we have had consultations with them as part of this process so that we understand the possible range of actions that might be required.

Depending on the wishes of the aboriginal community and the extent and scope of the burial ground that is found, two things generally can happen. One is the burial ground is preserved in its current place or, alternatively, occasionally those burial grounds are located in a place which the aboriginal community desires, if they have other burial grounds where they want to bring the ancestors into it or lands that they own in the vicinity. That is generally done as a matter of negotiation, based on a specific fact situation with the aboriginal community whose ancestors are found in the burial ground.

Mr Prue: Will the government make it a matter of contract with the developer, say, if the archaeologists don't find anything? Because they can't dig up, quite literally, 1,275 acres, but I'm sure the developers are going to dig up quite a bit of that 1,275 acres over the course of the years that follow. Is there something in the contract that the work would cease and desist if anything were found of a major—if they're digging in a house and they come across a graveyard or an aboriginal settlement of some size or significance unknown, would they be forced to stop?

Ms Davies: First, to answer your question, you had asked me earlier about the number of archaeological contracts. In fact, the archaeological assessment is being done on every part of the Seaton land holding—all acreage.

Mr Prue: They're digging up 1,275 acres?

Ms Davies: They are overturning the sod of 1,275 acres, plus the additional provincial holdings. You had asked why the number of archaeological contracts, and that's because the government advised staff that the aboriginal cultural heritage in Seaton was of critical importance. We were to undertake a thorough assessment as part of the environmental assessment process so that, prior to the exchange taking place and the normal development process kicking in, there was as much knowledge as is possible with current technology on the outcome of that exploration.

Mr Prue: Well, I have to say I am impressed you're turning over 1,275 acres; I am.

Hon Mr Gerretsen: You want to do it right, Mr Prue.

Mr Prue: My goodness. But there's also the problem—having done this myself before—that you can turn over the sod and sometimes it's a little bit deeper than that. Sometimes it's another six inches, and you have no way of knowing. Nobody would have any way of knowing. That's why I want to ask the question about the contracts when it is sold, because it is archaeologically sensitive land, as you have said and I have said. Will there be something in the contract, if you're going to turn over this archaeologically sensitive land to developers, that they will have to cease and desist if something major is found?

Ms Davies: The first point is that the environmental assessment is about disposition. Any land that is found to be culturally significant won't be exchanged. Once the land is exchanged, the developers then own the land and they will need to go through the normal planning approval process with the municipalities.

For example, a plan of subdivision: the normal process for approval of a plan of subdivision will be the process the developers would be required to follow. They will have to submit the necessary studies. They will be subject to the law—and I am not an expert in it—that is under the Ministry of Culture about what happens if in fact, as you said, during deeper excavations something was found: for example, the foundation of a longhouse or the other types of things that can be found deeper. At that point, there is a process where the Ministry of Culture

becomes involved, but it is the municipality that is the decision-maker at that point, not the province.

Mr Prue: And the province will not make that part of the contract in the eventual swap of the land?

Ms Davies: The province will be exchanging land on Seaton for lands on the Oak Ridges moraine. The minister mentioned earlier about the respect for Pickering and Durham. The intention, as I understand it, is that once the province's commitments have been adhered to, the municipalities—both Pickering and Durham—will be in control of that process. I have not received any direction to do anything that would interfere with their role after the exchange.

Mr Prue: How much time do I have, Mr Chair?

The Vice-Chair (Mr John O'Toole): Six minutes.

Mr Prue: OK. I have enough to start into my next section. This is, I think, almost exclusively to the minister.

In June, I stood in the House and asked you a question about the referenda that took place in Quebec. You told me you'd get back to me as soon as you'd had time to study it. Four months are up. What is your ministry doing in terms of companion legislation or looking at that, or do you plan anything in the future for giving Ontario's citizens, Ontario's towns and cities, the same rights as exist in the province of Quebec?

Hon Mr Gerretsen: We've certainly looked at the Quebec situation with great interest. As you know, a number of municipalities voted in favour of a different system than what currently exists, I guess is the best way to describe it.

However, I think you should also understand—and if you've looked into the situation, I'm sure you've come to the same conclusion—that the municipalities that voted in favour of a different arrangement than what they currently have were not talking of basically separating and going back to the entities that were there before. Basically, the way I understand it, it's almost like a community council model that's being set up whereby the municipalities that showed an interest or voted in favour of these new arrangements, and where at least 35% of the people who were eligible to vote voted in favour of the new arrangement, those municipalities or those new entities—I don't think they call them municipalities; they call them something else; the name escapes me right now—will function like a community council, whereby certain issues will be dealt with locally, I believe, such as libraries and parks. I think I've got a complete list of it here.

They will certainly not be able to de-amalgamate or go back—

Mr Prue: I'm not asking that. I'm asking—you've had time to study it. You've obviously—

Hon Mr Gerretsen: We've studied it, but quite frankly, Mr Prue, we've got so much on our agenda right now with the greenbelt legislation, with the Tenant Protection Act legislation, with Planning Act amendments, with the provincial policy statements that we're involved in with our Ontario Municipal Board review. I could go

on and on. This is not immediately on our agenda, but as I mentioned to you the other day, it's my understanding that a request has gone to the council of Kawartha Lakes whereby—

Mr Prue: I'm going to deal with other municipalities. 1640

Hon Mr Gerretsen: Their council has been asked to take a certain position on something and, if we hear from them, we will deal with that. It's certainly our intention to deal with any requests in a very serious—

Mr Prue: There are requests from other municipalities. In the Chatham area, there is a large group that is looking for this kind of legislation. There's a large group around Hamilton and Aldershot. All of those communities are looking for that. I am sure the people of Kawartha Lakes are looking at that, and I am sure that there are even people in the city of Toronto who think the mess that was created by the previous government around amalgamation should be at least in part undone. What I want to know is, you don't think this is a priority?

Hon Mr Gerretsen: This is not a platform that we got elected on, but we will certainly take the concerns of municipalities into account, and if a resolution comes from a municipality, we will obviously have to deal with that.

Mr Prue: I want to get this, and you now have had the time to study it. If a municipal council comes forward, or a large group of citizens, through petitions or something else, who say they wish to have legislation that will allow them the same exercise as the people of Quebec, your ministry will proceed with it?

Hon Mr Gerretsen: We will certainly take a very close look at it. As I've mentioned to you before, we're always looking at ways in which the municipal services that local taxpayers enjoy can be improved upon. This is certainly part of the package, and we'll take a look at it, yes.

It's not a priority area. We did not get elected on a platform of de-amalgamation. Let me make that straight. There are dozens of priorities within my ministry that we're working on right now, on very important greenbelt legislation, on Planning Act reform, on provincial policy statements that we feel need updating on Ontario Municipal Board reform, on tenant protection legislation. The ministry and the elected people can only work on so many things at once, but we will be looking at the kind of issues that you've brought forward—no question about it.

The Vice-Chair: Thank you for that extensive response, Minister. Mr Arthurs, you have 15 minutes.

Mr Arthurs: Thank you, Mr O'Toole. I appreciate that. The Chair will be back momentarily, but for your benefit, I'll try not to have my preamble quite as extensive this time. That might be helpful.

Hon Mr Gerretsen: Go ahead. It was very interesting.

Mr Arthurs: I thought it would be but, obviously, the committee Chair was anxious for me to get to a question. I hope others found some of the preamble at least of some degree of interest anyway. I'll skip much, if not all,

of the last decade of the last millennium and, maybe, if there's another day, we can pursue that decade, because it's an interesting one in and of itself.

Let me just come to a little bit about the last couple of years, without getting into it extensively, and then to my question. We may be able to back up a little bit from there.

During the period from 2000 to 2003, I had the distinct pleasure of chairing the regional planning committee at the region of Durham. It was during that time frame that a number of activities were happening that ended up in part creating this environment for the land swap. I know that's not something our government had on its agenda. It's an inherited activity.

The portion that dealt with Richmond Hill is clearly outside the mandate of the region of Durham, but there's another large block of land that remains under negotiations, as I understand it, in Uxbridge. It just so happens that not only is Uxbridge within the regional municipality of Durham, but it happens to be in my riding of Pickering-Ajax-Uxbridge in its entirety. The Uxbridge lands are extensive lands, and I'm going to ask the minister in a minute to provide some additional information on those. They were held by prominent and well-known development interests in Ontario and certainly in the GTA. As a matter of fact, I think there was an interest by more than one developer group in those lands, both those who held them initially during that period of time in the early part of 2000, 2001, 2002, and then some subsequent interest by other developers in those lands, just about the same time as this land exchange process was initiated, interestingly enough.

The Uxbridge lands are on the moraine. I think they're wonderful, and I had the opportunity to visit them a couple of years back. They're fabulous lands, if one is able to retain those lands as a part of the overall Oak Ridges moraine strategy.

Minister, might I just ask at this point, can you provide some additional elaboration on the importance in the overall process of those Uxbridge lands, to the extent reasonable and possible today, where we might stand in the context of the ongoing negotiations with the landowner and if you anticipate that will come to a positive conclusion in the near future?

Hon Mr Gerretsen: First of all, it is my understanding that the lands that are subject to further negotiations in Uxbridge are about 1,300 acres and that about half of them are subject to a pending OMB hearing. Obviously, I don't want to make any comments on that, because that may possibly prejudice that hearing. So I will not make any comments about that at all.

It's my understanding that the previous government agreed to include these lands in the current exchange. In other words, this is another situation we inherited from the previous government. This is not a process we were initially involved in, prior to October 2 or October 23 last year.

It is also my understanding that the lands were in a much different situation than the lands in Richmond Hill

in terms of the development potential. That's really about all I want to say about that.

It's my understanding further that the ministry has been trying to negotiate an acceptable agreement, but as yet has not been successful.

Now, as Mr Houlden makes quite clear in his letter—and I know Mr Hudak's going to disagree with me on the interpretation of this—I think by the fifth page of that letter he feels the same principles that were involved in the final negotiations that took place with respect to the Oak Ridges moraine lands for the Seaton lands should apply to the Uxbridge lands and the Seaton lands.

Therefore, to be prudent to the taxpayer of Ontario, it is best not to release all the documentation with respect to the deal that has been concluded with the Oak Ridges moraine people until the arrangements with the Uxbridge people have been finalized as well. It is just prudent, in my opinion, in the government's opinion, in the ministry's opinion, not to release all the documentation with respect to the Oak Ridges moraine because the same principles will be applied with respect to the negotiations on the Uxbridge lands. I'll just leave it at that. It's something we inherited from the previous government. We want to continue.

If I could add just one other thing, and this gets back to the point that Mr Prue raised: We're talking here, with respect to the Seaton lands, of exchanging about 1,250 acres, I believe, that are being provided to the developers for the Oak Ridges moraine lands in Uxbridge. The total acreage, I believe you indicated earlier, was something like 25,000 acres. The ministry, together with the Ministry of Natural Resources, has already identified 53% of that land, so roughly 13,000 acres, as being environmentally sensitive and should be protected.

Yes, Mr Hudak, we will live up to our commitment to protect two thirds of this land, as well as the agricultural preserve in its entirety, just in case there's any misunderstanding about that. That was our platform commitment and we intend to live up to both of those commitments.

So even if you take those 13,000 acres away, and even if you were to find some of the archaeological things that Mr Prue and we, as a society, are concerned about, there is more than enough land available there to replace whatever land would be taken out of the equation, because of the archaeological finds etc, with other land, because we're only talking about 1,250 acres.

1650

I have no idea as to how many acres of land will be required to satisfy the Uxbridge exchange, but I've been advised by the ministry that there is more than enough land there. Presumably, you've got almost 10,000 acres of total developable land, or let's say 9,000 acres, if you want to be clear about it—between 8,500 and 9,000 acres—to satisfy both of these requirements.

That's really about all I want to say, other than, to clear up any misunderstanding about the earlier comments with respect to our government's involvement, that the Premier instructed Mr MacNaughton to deal with the developers who had already agreed to exchange the land

on Seaton under the previous government's agreement in 2001, to see if more land could be made available. As to what negotiations took place—he was in charge of that. As to how many other people were involved, I just have no knowledge of at all. I was briefed on those issues by the ministry and, eventually, agreements were signed in exactly the same way as the agreements that were signed with the previous government for the original parcel of land, including the same protocol agreements that the previous government insisted on: that all of the documentation would be held outside of public view and what have you. It was their protocol, which they agreed to with the developers, that we basically followed in our negotiations on what turned out to be the 47 acres of land that were additionally negotiated in the Oak Ridges moraine area.

Mr Arthurs: I can advise you as well—and it might be helpful to the committee in understanding a little more of the context of the Uxbridge scenario—that there were two large blocks of land and two development interests that were proposed for development to the region of Durham. One was the Gan Eden lands, as they were referred to, and those are the Uxbridge lands that are talked about in the land exchange. The other lands were referred to as Sandhill, and they're in the area of Coppin's Corners. Both of them were the subject of an OMB hearing process.

In the case of the Uxbridge lands, I believe that hearing was set aside down the road. It's my recollection the Sandhill lands proceeded but not to an ultimate board decision—I'm sorry, the deal was brokered before it got into a full board hearing. In the case of the Sandhill lands, there is considerable development that's going to occur. In the case of the Uxbridge lands, if you're successful in your negotiations, those 1,300 acres will come under public control in the Oak Ridges moraine. I can tell you that my Uxbridge constituents will be very pleased with that outcome if in effect that's what occurs.

Both the local municipality, the township of Uxbridge and the regional municipality had to make a considerable investment in the initial board activity because of the magnitude of those two developments. There were considerable public expenditures related to that whole process. If there had been a way to curtail that even earlier, it probably would have been better than the process that ultimately ensued and that we're left inheriting.

Minister, I know it almost seems repetitive, but I think it's important for us to put in your words yet again the importance of consummating all of these agreements in the interests of the people of Ontario. I know in my own constituency, in the municipalities, it's a little more controversial for a variety of reasons, but in the broader interest, can you provide for me an overview of the importance to the broader public on consummating these land exchanges?

Hon Mr Gerretsen: I'm sorry, I missed the totality of your question. I think it is very important to do this. I can well understand, having been a municipal politician, the sensitivities of both the city of Pickering council and the

regional council. Obviously, they want to be involved. They want to see their community develop along a certain way, and we want to work with those communities to make it happen. We also have to realize, as you so adequately stated earlier, that these lands have been vacant for more than 30 years and we'd like to see some development there. We feel this is an opportunity to do it and to have a development that we all can be proud of, including Pickering and Durham.

Could I just ask the Chairman a question at this point in time, which is highly unusual? I had been under the assumption that the July 14 letter from Mr Justice Houlden, together with the schedules attached to it, had been given to the members of the committee. Is that not the case?

The Chair: They have not.

Hon Mr Gerretsen: If that's not the case, I apologize for that. We have copies for everybody here. I was just passed a note asking if I wanted to give the copies of the Houlden letter, with maps. I had assumed, since they're available, that they were publicly released when a news conference was held about a month or so ago; that they were given to everyone.

The Chair: Thank you, Minister. That's helpful.

Mr Arthurs: Minister, as they're circulating the letter, the context of Justice Houlden's review has said that this is a fair deal overall for the people of Ontario, and it talks even further. So what's good about the agreement? What is it in the agreement, in your view, that's good for Ontario?

Hon Mr Gerretsen: I think it's good for Ontario in a number of different ways. First of all, when we look at the Oak Ridges moraine lands, there will be more lands left for generations to enjoy as part of the moraine property. The 47 acres that have been talked about in effect provide for a much wider corridor for wildlife to migrate to and from, from one place to another. As far as I'm concerned, we made a bad deal better.

Everybody keeps forgetting—and I go back to the day in the House, back in May 2001, when we were told by the then government and a bill was passed that was going to protect the Oak Ridges moraine. At no point in time were any of the members of the Legislative Assembly ever told, until much later, that a side deal had been arranged whereby 6,000 units of housing were going to be built right on the moraine property. Everybody was left with the distinct impression that the entire moraine area was going to be saved for future generations to enjoy as parkland, with lots of wildlife in it etc. I will maintain forever and a day that we made a bad deal a heck of a lot better by not allowing 900 of those units to be built and by acquiring 47 acres of additional lands to the Oak Ridges moraine lands to be preserved, as well as the \$3.5 million that was contributed by those developers for the creation of a parkland. Hopefully that parkland will be built there as soon as all the agreements are finalized. That's one thing.

Secondly, I think when you look at it from the Seaton lands viewpoint, there's finally going to be some devel-

opment on the Seaton lands. Certainly it's my hope and desire and my instructions to the ministry to make that development as nice as possible, not only from a residential viewpoint but also from an employment lands viewpoint. The northern part of these lands, as you well know, Mr Arthurs, will have the future extension of the 407 attached thereto. It goes without saying that those lands that are not environmentally sensitive along the 407 lands would lend themselves perfectly for employment lands. So I think in the long run, and although there may be some controversy about it within the Pickering and Durham area at this point in time, this will be a winner for everyone.

The Chair: Thank you, Minister. Mr Hudak.

Mr Arthurs: Is that our time?

The Chair: Yes, it is.

Mr Hudak: Ms Davies, if you don't mind, I have a couple more questions, and I do thank you for responding to my inquiries. Just a basic question to the assistant deputy minister: How do we actually know where the Oak Ridges moraine is?

1700

Ms Davies: That's a very interesting question.

Mr Hudak: Uh-oh. Is it defined in legislation or some sort of study? Physically do we know?

Ms Davies: I'll answer quickly. The Oak Ridges Moraine Conservation Act establishes boundaries of the Oak Ridges moraine plan. So as a matter of law or legislation, it is defined through that plan. However, there is a scientific basis for that, and I take it you don't want to understand the scientific process.

Mr Hudak: I guess if we had to know where the boundaries were in law, they're in the Oak Ridges Moraine Protection Act?

Ms Davies: The conservation act.

Mr Hudak: That's not the 2001 legislation?

Ms Davies: It is 2001.

Mr Hudak: Thanks very much.

To get back to some of my concerns with respect to the minister—actually, one last question. Maybe Ms Davies or the deputy could answer. The fairness commissioner's report the minister just handed out talks about the process he took everybody through. He "had them execute a conflict of interest acknowledgement and undertaking of confidentiality. In the case of public servants," the fairness commissioner "had them execute a declaration of assets and liabilities," just to make sure there was a fair and honest approach on behalf of the taxpayers of the province.

The second paragraph on page 1 says, basically, that since December, 2002, persons who have joined the team that has been involved in these negotiations went through a similar process. I believe the fairness commissioner is satisfied with that process.

To your knowledge, did David MacNaughton go through those processes?

Ms Davies: I'm not aware.

Mr Hudak: Deputy?

Mr Burke: I'm not aware.

Mr Hudak: Minister?

Hon Mr Gerretsen: I don't know.

Mr Hudak: Would the minister be kind enough to get back to us if Mr MacNaughton went through the same process with the fairness commissioner as everybody else who has been involved in the land swap?

Hon Mr Gerretsen: I will certainly attempt to find out that information for you.

Mr Hudak: Thank you very much.

The concern I have with this latest revelation of Mr MacNaughton's involvement in the land swap has been described in Hansard as follows: The direct negotiations involving Mr MacNaughton, and potentially other parties, directly with the landowners in Richmond Hill on behalf of the Premier took place before the Minister was sworn in and had responsibility in this regard.

The fairness commissioner's report outlines how the process had worked previously, where the esteemed former Deputy Minister of Natural Resources, Ron Vrancart, had played a role and an external advisory panel developed this process. Then David Crombie was appointed as a mediator with respect to some of the disputes that were before the OMB and to bring parties together, as he describes, that support "the principles of smart growth and the proposed Oak Ridges moraine conservation plan."

So in determination of the land, Minister, that was involved in the original swap we had two outside, well-regarded individuals, Mr Crombie and Mr Vrancart. I believe they were there in the best interests of taxpayers; they didn't have another agenda. Mr MacNaughton, however, while I don't know him as an individual, is a political staffer and, in fact, a very high-level political operative in the Premier's office. My thought would be that Mr MacNaughton's main role would not be what is in the best interests of taxpayers, but what's in the best interest of Dalton McGuinty and the Liberal Party.

I think we have to go back to the kind of environment that existed. Dalton McGuinty, at this time, was reeling from a series of broken promises. Dalton McGuinty had drawn a line in the sand about the Oak Ridges moraine, and some would say he backed himself into a corner with a promise that I would suggest the Premier knew he couldn't keep and he had to back down.

I think Mr MacNaughton was sent in to try to negotiate the best deal possible to save face for the Premier and, as such, made a bad deal for taxpayers. I wonder if there are any side deals that Mr MacNaughton made in terms of other commitments to the developers and those involved with the land swap.

I'll ask back to the assistant deputy minister: Has Mr MacNaughton been involved in this process since that time back in September, 2003?

Ms Davies: Not to my knowledge.

Mr Hudak: You haven't had meetings with Mr MacNaughton?

Mr Davies: No.

Mr Hudak: The deputy minister?

Mr Burke: No.

Mr Hudak: To the minister: Has Mr MacNaughton played an ongoing role, or did his work cease after he handed off the 47-acre decision to you once you were sworn in?

Hon Mr Gerretsen: He hasn't been involved since this.

Mr Hudak: Again, I'll ask the minister if he will make any documents or briefing notes related to Mr MacNaughton's involvement in this file public.

Hon Mr Gerretsen: I can't promise you that, Mr Hudak. That may very well be privileged information as advice to the Premier. I just have no knowledge of that. But I find it kind of interesting. Are you suggesting to me that there were no political staff people involved in the original deal in which you allowed the developers to build 6,000 units on the Oak Ridges moraine in your government? I'm just curious about that.

Mr Hudak: The problem is that the fairness commissioner outlines a very detailed process. He talks about who was involved. He talks about the rigorous set of undertakings he had them go through with respect to conflict of interest, declarations of assets and liabilities. Those individuals who were involved, particularly in the mediation or advisory role, Mr Vrancart and Mr Crombie, I think have reputations of the highest esteem. Mr MacNaughton has an excellent reputation as well for his work in politics—I respect that—but I believe that his first interest would more likely be in saving face for the Premier rather than to get a good deal for taxpayers.

To recap, I guess, as I move on for the time being, there's some information that I have requested.

The minister has agreed, although not on my timing, to eventually bring forward the details with respect to the swap of public land. I've asked the minister, and he's made an undertaking to get back to us on, as part of that public revelation, how the land valuations were made of the parcels that were involved in the swap. I've asked the minister to consider, and he said he would respond, whether he would have the Provincial Auditor go through the details of the supplemental agreement, the additional 47 acres, to determine if there's a fair deal for taxpayers on a value-for-value basis from that land swap.

I've asked the minister for an undertaking on, and he said he would get back, depending on privilege and briefing notes for the Premier, the detailed documents surrounding Mr MacNaughton's involvement in the Oak Ridges moraine land swap.

A last question with respect to the environmental value of the lands in Seaton or the lands in Pickering: Would the minister consider involving the Environmental Commissioner to make sure that truly the most environmentally sensitive lands were set aside from development?

Hon Mr Gerretsen: It's my understanding that the site is subject to an environmental assessment, and whatever process is involved in that is taking place. I'll just leave it at that. I don't want to delve into the workings of other ministries. Whatever needs to be done from

an environmental viewpoint as far as the Ministry of the Environment is concerned will be followed.

Mr Hudak: So you'd say no to the involvement of the Environmental Commissioner for an environmental review of the parcel exchange.

Hon Mr Gerretsen: I have no idea whether the Environmental Commissioner, in a situation like this, gets involved on an ongoing basis or not.

Mr Hudak: So you'd consider it, depending on the circumstances?

The Chair: That's what he said.

Mr Hudak: Yes. Thank you, Chair. Chair, how am I doing on time?

The Chair: About 13 minutes.

Mr Hudak: The next thing I wanted to move on to—I think what transpired shortly after the Oak Ridges moraine broken promise was that the government, still reeling from the broken promises, brought forward the Greenbelt Protection Act without thinking through all of the consequences. I think I've made my point clear that I believe municipalities caught in the greenbelt area should have some form of assistance, because I believe that their growth and, as a result, their tax revenue are restricted. I think there should be consideration in that regard. Similarly, farmers have expressed grave concerns about the impact on the viability of farming operations. Members of the former committee and those who have come before that committee have made that same case about an agricultural support program.

With respect to the Oak Ridges moraine, commenting on the land swap, Debbie Zimmerman, the former chair of the region of Niagara, was quoted in a St Catharines Standard article. "The agreement with Oak Ridges moraine developers shows the province is prepared to accept solutions that are 'appropriate for each area,' said Zimmerman."

She's saying, with respect to the greenbelt impact on agriculture in Niagara, that perhaps the province would consider a special deal for Niagara, just like there's a different deal going on in Oak Ridges. Is Debbie Zimmerman correct in her assessment of the province's intentions?

Hon Mr Gerretsen: Well, she may have her opinion, and we've got our opinion.

Mr Hudak: OK. Mayor Bill Hodgson of Lincoln, a municipality that I'm proud to represent and that is impacted by the greenbelt, said the "greenbelt legislation has to be implemented correctly or farmers could be saddled with unprofitable businesses, and development growth restrictions could stop municipal growth and greatly increase property taxes." Again, his quote is from the St Catharines Standard from September 28, 2004.

Does the ministry currently have budgeted in its estimates assistance for municipalities that are impacted by the greenbelt legislation?

1710

Hon Mr Gerretsen: No, we do not.

Mr Hudak: Is it the minister's plan to bring forward assistance for such municipalities, or are they left to fend on their own?

Hon Mr Gerretsen: There are always assistance programs available for municipalities, but we do not believe the greenbelt legislation, when it's finally introduced into the House, has any kind of expropriation aspect to it at all, and therefore we don't believe there's any need for any expropriation. But if rights are being extinguished, the appropriate claims can be made by those individuals through the appropriate mechanisms or courts.

Mr Hudak: So you have a difference of opinion with Mayor Hodgson on this issue. Mayor Hodgson says that—

Hon Mr Gerretsen: He has his opinion; we have ours.

Mr Hudak: There seems to be a difference of opinion.

Hon Mr Gerretsen: That's your interpretation.

Mr Hudak: Yes.

Why was the Holland marsh cut in half? Why was part of it as part of the act and part of the MZO and the other half not?

Hon Mr Gerretsen: You'll have to wait until the greenbelt legislation is introduced. It will have mapping attached thereto as to what area will actually be included in the final proposed greenbelt act.

Mr Hudak: I know that your greenbelt consultation committee has recommended to you that the entire Holland marsh be taken in.

Hon Mr Gerretsen: Let me put it this way—

Mr Hudak: But the Holland Marsh is well known. I just wonder why it was cut in half in the original greenbelt legislation.

Hon Mr Gerretsen: OK, I'll give you the reason why. The study area that was set aside in the original greenbelt legislation was in accordance with the mapping that was provided as part of our platform commitment. In other words, our platform commitment talked about a greenbelt, outlined a greenbelt area, and that was the exact area that we included, as far as I know, in the original bill that we wanted to study.

Mr Hudak: So it was the Liberal platform that cut the Holland marsh in half by saying half of it should be protected by the greenbelt and on half of it all bets are off.

Hon Mr Gerretsen: I was not involved in putting our platform document together as far as it relates to the greenbelt protection area as outlined in our platform. I think it followed municipal boundaries, to the best of my recollection. But you know, that was the study area; it may not be the area that we finally feel deserves protection under a final greenbelt piece of legislation.

Mr Hudak: Fair enough. I guess the point I'm making, and you would probably disagree with this point, is that I think this legislation was rushed through without full consideration of all of the impacts. For example, I think people would probably react to the fact that the Holland marsh was cut in half—half protected by the greenbelt and half left out. It was a major oversight and a major error. I think some would suggest that the strange impact on Brock township that my colleague brought up

the other day showed that this legislation was rushed. Who, Assistant Deputy Minister or Deputy, was responsible for determining the boundaries under the minister's zoning order that effectively cut the Holland marsh in half?

Ms Davies: The minister's zoning order is made by the minister, and he does that with the support and advice of staff.

Mr Hudak: So is there a staff member here who determined where the boundary would go cutting the Holland marsh in half?

Ms Davies: As the minister mentioned, the study area, because of the impact of the legislation, we wanted to be clear. So the minister's zoning order and the greenbelt study area followed municipal boundaries in order to have clear lines about who was affected by the first legislation and who wasn't. So it was on that basis that the boundaries were generally established.

Mr Hudak: Did it occur to people at the time that this would effectively cut a piece of property like the Holland marsh in half?

Ms Davies: The legislation itself had no effect on property, so the Holland marsh ownership continued as it always has, as did its protection and activity. The only effect was to say to the Greenbelt Task Force, "This is the area we want you to look at." Secondly, it also prevented certain types of change of use from agricultural and rural to urban. At that point, there was no identified pressure that the Holland marsh would be converted to urban development.

Mr Hudak: Again, the date that the freeze is to be lifted is what?

Ms Davies: The moratorium established in the legislation sunsets by virtue of the legislation on December 15, 2004.

Mr Hudak: And the minister's zoning order?

Ms Davies: That has long since been removed. Once the legislation got third reading and came into force, the zoning order was repealed.

Mr Hudak: Is there any power in Bill 27 to allow the minister to extend that freeze, or does the freeze end as scheduled; there's no power?

Ms Davies: The legislation, on its very terms, ends.

Mr Hudak: Minister, you had mused before in some media reports about expropriation. Are you considering any kind of compensation whatsoever for landowners who lose rights to property in the greenbelt area?

Hon Mr Gerretsen: Well, I haven't mused about expropriation at all. Other people have mused about expropriation and the question has been put to me, and I've always said that we're not expropriating anybody's rights. If we are, then those rights should be compensated for, going through the normal process, if somebody's of that opinion. They can go through the courts and through whatever other methods are available under the expropriation act if they feel they've been wronged.

Mr Hudak: Can we expect some sort of agricultural support plan to come forward hand in hand with your permanent greenbelt legislation this fall?

Hon Mr Gerretsen: I think you'll have to wait until the bill gets introduced, and find out the details at that time.

Mr Hudak: Farmers care. Farmers have had their land frozen for some time. You know that the response of the agricultural community has been one of great concern, to put it mildly, with the impact of Bill 27. There was an undertaking made, upon recommendation from your task force, to look into the agricultural issue. Since then, a task force has been put out there—Mr Van Clief and the past president of the OFA.

When you bring your legislation forward, it's going to be permanent legislation. Farmers are going to be concerned about what the agricultural support plan is to support the viability of farms in the greenbelt. Surely, the errors of the past will be corrected and you'll bring forward an agricultural plan to help those farmers in the greenbelt area.

Hon Mr Gerretsen: You'll have to wait until the legislation comes forward.

Mr Hudak: To the deputy, who would be the best person to speak with about the support for the Greenbelt Task Force? Who in the ministry was the lead?

Mr Burke: Joanne was.

Mr Hudak: Ms Davies, who ran the consultations? Was it run by the ministry? Was there an outside consultant hired to run the consultations?

Ms Davies: The consultation was led by the task force itself. The task force, chaired by Mayor Rob MacIsaac, led the consultation. The ministry provided support to him in a secretariat function, and we also got the assistance of a consulting firm to do some of the logistical work to support the task force.

Mr Hudak: I appreciate your response with respect to my previous questions on the cost of consulting contracts in the north Pickering land exchange. If I could, through you, Chair, similarly request details with respect to who were hired as consultants, the total costs and whether they were tendered, sole-sourced or what have you with respect to the Greenbelt Task Force.

The Chair: That is noted for the record.

Mr Hudak: Thank you.

How were members of the task force compensated?

Ms Davies: There was no compensation to members of the task force other than their reasonable expenses in terms of travel costs. There was no compensation.

Mr Hudak: Again, that's quantified within the ministry estimates?

Ms Davies: That is quantified in the sense that they have to submit expense reports.

Mr Hudak: Again, Chair, if I could ask, through you, for the costs associated with the members involved in the Greenbelt Task Force and any kind of outside advice that they had as well.

The Chair: That's noted for the record.

Mr Hudak: The Greenbelt Task Force said that the greenbelt plan should "Include fiscal measures to fulfill the objectives of the greenbelt, particularly where natural and cultural heritage conservation and agricultural

viability are concerned....” That was a recommendation of your Greenbelt Task Force. To the minister, where in the estimates is the funding to support that recommendation?

Hon Mr Gerretsen: There’s no specific funding in the estimates to include it at this time.

Mr Hudak: Assistant Deputy Minister, the task force reported back—what was the date?

Ms Davies: At the end of the summer—August 30 or 31, thereabouts.

Mr Hudak: Is it the minister’s plan this fiscal year to bring funding forward to support that recommendation of the Greenbelt Task Force?

Hon Mr Gerretsen: We’ll have to argue that out with the Chair of Management Board, I suppose. But there’s certainly some funding that will have to be made available, depending upon what the legislation requires, if not this year, certainly with the start of next fiscal year, which would be April 1, 2005.

Mr Hudak: Is it currently earmarked, though, in the ministry expenses?

Hon Mr Gerretsen: No, there’s no earmarking of any funding in the ministry expenses.

Mr Hudak: The fifth recommendation of the Greenbelt Task Force was, “That the province should allocate sufficient resources to assist municipalities with implementation.” Is there funding set aside in the ministry to do so?

1720

Hon Mr Gerretsen: Yes, there is. Would you like the details of that?

Mr Hudak: Can you describe how that area of the ministry is funded?

Ms Davies: Absolutely. The task force—I was at the meeting where they discussed and made that recommendation—is concerned that as municipalities move forward to implement and incorporate it into their municipal official plans, they have support. I met with the assistant deputy minister of municipal operations division, Elizabeth McLaren, to ensure that the municipal service offices in the areas affected by the greenbelt would be adequately resourced at the time the greenbelt came into effect to provide that kind of support to the municipalities as part of their normal support services to municipalities.

Mr Hudak: Thank you. If I could, Chair—I know that the time is getting tight—ask through you for the ministry to undertake a couple of responses to my questions. I’d like to know if the ministry has done any impact analysis on municipalities in the greenbelt area in terms of lost growth, lost revenue coming from the municipality or lost jobs from projects that will not proceed, and similarly, if they could report back on any impacts they have ascertained in the agricultural community.

I’d like to know as well—under Bill 26 and Bill 27, the minister has the ability to grant exemptions to some other aspects of the act—how that is funded under the estimates; for example, in Bill 26, for the minister to

declare a provincial interest, how is that funded within the ministry? Who is responsible for that?

With respect to Bill 27, I believe the minister can grant exemptions as well, upon request from municipalities, or perhaps other parties. What kind of inventory is there to those requests? How is it funded and who deals with those requests? What is the time frame to respond to those particular requests? What kind of guidelines has the ministry put out, or does it intend to put out, about when an exemption to the greenbelt area will be granted by the minister?

On Bill 26, guidelines have been set out as to when the minister will declare provincial interest of a project, according to his extraordinary powers under the bill.

The Chair: You’re out of time, Mr Hudak.

Mr Hudak: Thank you, Chair, and thanks to the minister and his staff for their responses.

The Chair: Before I recognize Mr Prue, I wonder if the committee would allow me to just ask a question for clarification.

The greenbelt report indicates that it was reported in the community of Burlington that there was a surprise to our municipality, that part of the greenbelt went into development lands. It was the subject of a major article in the newspaper.

I wonder, Minister, if you could have staff advise the Halton representatives of just that clarification. The staff from city hall and the region were a bit confused as to why the map included or allowed for development lands—let me put it in the context of the press article—that lands they felt would be included in the greenbelt are now deemed development lands. So they were seeking clarification. To my knowledge, that matter has not been resolved. Could you advise all Halton—I know Mr McMeekin is equally as interested in this issue. I don’t expect a response. I just would like—

Hon Mr Gerretsen: The deputy is prepared to respond.

Mr Burke: I simply want to advise you that we will contact Halton and Burlington and find out exactly what their source of concern is.

The Chair: I appreciate that very much. Thank you, Mr Burke. Thank you, Minister.

Mr Prue, you have 20 minutes.

Mr Prue: I didn’t realize we’d have that long left.

The Chair: We’re in the home stretch.

Mr Prue: Yes, we’re in the home stretch. I’ve got 20 minutes. OK.

Let’s go back to one of my favourites. I was asking the minister about what happened in Quebec last June. I saw you reading from some notes. Is that information available?

Hon Mr Gerretsen: The note that I was reading from is “advice to minister.”

Mr Prue: You said—

Hon Mr Gerretsen: I can tell you, there’s nothing very magical about the note I was provided. There’s no Quebec information on the note.

Mr Prue: You seem to be somewhat knowledgeable, starting to list off some of those areas—

Hon Mr Gerretsen: Because I took an interest in what was happening there. It was kind of an interesting process.

Mr Prue: I'm sure you did.

Hon Mr Gerretsen: It has also been about two or three months now, so perhaps I'm not quite as up to date any more as I was at that time.

Mr Prue: All right. Is there any information that can be released? I don't want to get into information that is of a strictly ministerial nature, but is there any study or information that can be released on background information that was provided to you by the civil service?

Hon Mr Gerretsen: This is just a summation as to what happened there. I'd be more than pleased to give it to you.

Mr Prue: OK. It doesn't look as complex and as large as what I was hoping for, but I'll take it all the same.

The Chair: When you go fishing, you can't argue about the size of the fish.

Mr Prue: That's true. I'll tell you, I went fishing all summer and the fishing here has been rather good.

The Chair: Mr Prue, did you want the minister to read all that into the record?

Mr Prue: I don't know. Do you want to read it into the record? To simply give me a copy later would be fine.

The Chair: He can give you one right now if you ask for it.

Mr Prue: Sure.

Hon Mr Gerretsen: I can start it off with the details, and if the clerk wants to make a copy—

The Chair: I think the clerk is going to get a copy and save the minister from repeating—

Mr Prue: I'd like to save as much as possible of the 18 or so minutes left.

Hon Mr Gerretsen: We believe in open government.

Mr Prue: Of course.

The Chair: Minister, you're doing just fine.

Mr Prue: You're an old pro at this. I'm impressed.

Hon Mr Gerretsen: This is a new experience for me, and a very enjoyable experience, I might say.

The Chair: We can extend the time.

Mr Prue: Yes.

Hon Mr Gerretsen: That wouldn't be fair to the other ministers who are to follow.

Mr Prue: As to those municipalities that were given back some of their powers, did your ministry or your officials do any cost analysis of how much it cost in the case, say, of Montreal, the newly amalgamated city, to give back some of those powers?

Hon Mr Gerretsen: It's my understanding that work has not as yet been done, but we may very well end up doing some work on that. Maybe the deputy can be more helpful than that.

Mr Burke: There has been some work done on it, but not a full amount. They had to disclose some of those possible tax impacts before people voted on a referendum

as to whether they wanted to de-amalgamate. My understanding is that there is fuller accounting required thereafter to ensure there is a proper separation of assets and responsibilities and so on. I haven't seen any of those numbers at this point.

Mr Prue: Has the civil service of Ontario requested a copy of that from the Quebec government or from the city of Montreal?

Mr Burke: We have an exchange of information with all provinces in the country, and I'm sure that's part of it.

Mr Prue: When you get that information, will it be released?

Mr Burke: It's public information. In fact, if you want a copy of it, we'd be pleased to give you a copy, but most of it you will find on provincial Web sites. It's in the public domain, in other words.

Mr Prue: As it's released?

Mr Burke: Yes.

Mr Prue: All right. Mr Minister, you stated earlier that people didn't get their municipalities back and I think we all understand that they did not get their full municipalities back, but they got back a number of key areas, everything from libraries to planning to local sports fields, the in-your-face municipal stuff that people see every day. In your view, has this in any way disturbed, or have you had a chance to study whether this has disturbed the actual workings of the new city of Montreal?

Hon Mr Gerretsen: I haven't been able to make any determination of that myself.

Mr Prue: So you haven't studied this?

Hon Mr Gerretsen: I have not studied it currently.

Mr Prue: The reason I'm asking is that in the newsprint anyway, the stuff coming out of Montreal, the anecdotal evidence I hear from other politicians from that area is that it's been a fairly positive experience. People aren't upset about having taken back some of the powers of their city. I wondered why the reluctance, that this should not be a priority for Ontario.

Hon Mr Gerretsen: I don't think there is a reluctance, but as I mentioned before, we didn't run on that platform. We ran on a number of other municipal and housing platforms that we want to implement first, or at least get started on. We're definitely prepared to take a look at these different areas if there's an interest from the council of a particular municipality to advance that. I think the criteria that we will be basing everything on are whether the service delivery that people want at the local level can be improved upon by putting in these new delivery methods.

1730

Mr Prue: So you're not opposed to looking at those.

I want to go back to the municipalities because there are many people in the forcefully—forcibly, not forcefully, but it was that too—amalgamated municipalities, be it Hamilton, Ottawa, Toronto or Kawartha Lakes—there's a whole string of them; there are lots of them—that would like an opportunity to see whether this limited range of locally controlled municipal functions can be

taken back to their communities. I'm trying to explore with them how this might be done. I could tell them how it would be done if I were the minister, but I'm trying to tell them how it might be done when you're the minister.

Hon Mr Gerretsen: As I mentioned before, first of all, I suppose the government would have to make it a priority area. The government does not act through individual ministries going off and doing their own thing. That's the first thing that would have to be determined. Secondly, we would have to determine the amount of interest in this. I've heard from certain individuals as well. In one community they seem to be trying to work through their council to get something going in that regard. If something starts in that regard, then we're certainly prepared to look at it, whether it's on an individual basis or it gets more municipalities involved.

I realize just as well as you do that people basically live in communities, live in neighbourhoods, live in smaller entities than necessarily the total municipality they may be living in. Right now we have some very large municipalities. The city of Toronto is one. Kawartha Lakes in a geographic sense is a huge municipality. You and I talked about that the other day. There may very well be better methods by which services can be delivered to the people in those areas. We're prepared to look at that.

All I can say is that right now it has not been a priority item with us because there were too many other areas that came out of our platform that we felt we had a commitment to, that we wanted to adhere to. Those are the ones we're going to deal with first, but we'll deal with them.

Mr Prue: Let's change the topic here for a little bit. Let's get back to housing. There's a very interesting article in the Toronto Star today, Carol Goar's column. Did you have a chance to read it?

Hon Mr Gerretsen: Yes.

Mr Prue: Very interesting. It talks about the federal government deciding they may want to go it alone because the provinces in some respects, the cities in other respects, don't seem to be able to step up to the plate. She says that for Ontario in particular—I'll just read—"In order to qualify for the remaining \$357 million, Queen's Park has to come up with matching funds. But the provincial Liberals, struggling with a \$5.5-billion deficit, say they haven't got the money." Mr Fontana says he'll take that into account. Are you prepared to have the federal government act unilaterally on this issue?

Hon Mr Gerretsen: It's interesting how two individuals can read an article and come to totally different conclusions, because I didn't come to the conclusion you came to at all. I came to the conclusion that basically Mr Fontana is prepared to look at the provision of housing for people in need out there in ways other than just the traditional way of building new non-profit housing, although that's very important.

I personally have been involved in that for a long period of time on a non-profit basis. I also realize it's a very expensive way. You don't get the same bang for

your dollar or are able to help as many people as you do if you get involved in a housing allowance program or in a rent subsidy program. I think it's in that line that he's talking—

Mr Prue: Let me get to that. You anticipate my questions very well.

Hon Mr Gerretsen:—more than that. Because it's a known fact that, if we're trying to help as many people as possible, it is probably—particularly with the rather high vacancy rate we have right now across the province. We have a high vacancy rate, much higher than it has been for many years. Over the last two or three years, there has been a higher vacancy rate. The question that he raises in the article, or through Carol Goar, is: Why should we be creating housing, particularly in those areas that have high vacancy rates? Why don't we have housing allowance programs, and we can probably satisfy the legitimate needs of a lot more of the poor people in this province than we would by building new housing?

I think there's something to be said for that, quite frankly. Through my involvement many years ago with the Ontario Housing Corp, I came to that conclusion as well, that if you want to help as many people as possible, you do it by way of shelter allowances, whether it's through rent supplement programs or whatever.

Let me also make it absolutely clear to you that it is the intention of this government to fully commit itself to being an equal partner with the federal government as far as housing is concerned. What has happened—and I know I keep harping back on that—is that because of the deficit position the last government left us in of \$5.6 billion—or I guess the way it turned out it was \$5.5 billion, as far as the auditor is concerned—we just haven't been able to do these things as quickly as we had wanted to. People can laugh at that, they can say, "Here they go again," but that is the reality of the situation. You cannot spend money if you're already \$5.5 billion in the hole, and that has not allowed us to do a lot of things that by this point in time we had hoped to be able to do. That doesn't mean that we're no longer committed to it. It also doesn't mean that we're not going to do it. But it may take longer to get those programs into action than we had originally anticipated.

Mr Prue: Your original budget had only a very limited amount of money set aside for some 35,000 rent supplements. I think that was in your—

Hon Mr Gerretsen: That's correct, yes. I don't know the exact numbers, but you're right.

Mr Prue: Yes, it was a very limited amount. This seems to signal that they might, and your statement is that you might, consider expanding that considerably. There are 75,000 families in Toronto alone on the waiting list for assisted housing. That's just Toronto. That's not the province; that's one city. If there's a 4% vacancy rate, there are probably pretty close to that many apartments out there, sitting there empty. I'm just wondering, in view of what he said, is there any change of direction you're contemplating as minister?

Hon Mr Gerretsen: We're certainly looking at that. There are other ways in which the province can come to the table as well. You may recall that the last government in effect put up the sales tax component of new housing, which, I believe, was somewhere in the neighbourhood of \$2,000 to \$3,000 a unit, whereas the federal government was putting up \$25,000 a unit. The way we could possibly come to the table is by methods other than cash, by the greater utilization of provincially owned land. That's got a value component to it as well.

So there are different ways, and we're exploring that and so is Minister Caplan, as Minister for Public Infrastructure Renewal. It's fair to say that he is discussing these issues as well with Mr Fontana and with Mr Godfrey, and so am I. Hopefully sooner rather than later, different programs will be announced; it will actually be up and running, and that will help not only to meet our commitment but, what's even more important, help house those individuals who are in dire need of good housing.

It may very well be that currently we may not have a housing shortage, but certainly what a lot of people have is an income shortage, particularly obviously the people at the lower end of the scale. Anybody who pays more than 50% of their disposable income toward shelter costs, and there are a lot of those individuals—I don't have the figures here with me, but that's a major issue. Obviously, we have to deal with that.

Mr Prue: It goes on to say, "If the federal government can speed up the process by working directly with municipalities, non-profit groups or private developers, he'll try to arrange such partnerships." That appears to me to circumvent the province's role.

1740

Hon Mr Gerretsen: That's his opinion currently, and of course that isn't a novel idea. That was done during the 1970s and 1980s to a large extent. You had an awful lot of federal non-profit housing projects as well as provincial ones, and then of course for a long period of time, from about 1994-95 onward, no funding was provided by either the provincial or federal governments.

Mr Prue: Some of the members of the finance committee had an opportunity to travel recently into northern Ontario. I think it was an eye-opener to many people who had never been that far north or who had never been to some of the aboriginal communities, both those that are on reserves and those like Moose Factory, which is not. I'm not sure exactly, because it's a very strange status they have; it's not really reserve lands. But in any event, the housing there is quite abysmal, and over the years both the federal government and the province have said it's the feds' responsibility under the former Indian Act. I'm just wondering your views, as the minister, about the province getting in to assist Ontario citizens who happen to live on reserves or unincorporated lands or in far northern communities where the majority of people are native Canadians. Their housing is probably worse than anything you can see in this city, worse than anything you'll see in Kingston, or name any place.

Hon Mr Gerretsen: I understand there is a native housing program right now. It may very well be that it

needs to be improved upon, and we'll certainly be looking at that.

Mr Prue: OK. There is nothing in this year's budget, though, for assisting native communities in terms of their housing or anything else that I'm aware of.

Hon Mr Gerretsen: No, there is nothing specifically in addition to the native housing programs the ministry has provided money for for some period of time. There is some funding, but there's no additional funding in that for this year; you're correct. Of course, a lot of that are the capital dollars that are being negotiated currently by Mr Caplan with the federal government, and I suppose the one thing that held that up for some period of time was the fact that there was a federal election in June. For a number of months on both sides of the election, really, no negotiations occurred, or very little negotiation occurred during that period of time.

Mr Prue: I'll forgo my last 30 seconds. Thank you.

The Chair: Thank you very much, Mr Prue. Ms Di Cocco.

Ms Caroline Di Cocco (Sarnia-Lambton): I know we're in our last round of questions and discussion. Therefore, I'll have some comment and then the minister will wrap up for the rest. I'll leave it up to your discretion, because I know we have to vote, and I expect there is going to be voting in the House as well. So I will keep this quite short, and then the minister can wrap up with our time.

I just wanted to say that I looked at the ministry overview in the estimates briefing book, which I think provides to all of us a good indication of at least the work that the ministry does and its mandate, as well as its vision of safe and vital communities, each with an attractive quality of life, a clean environment, a dynamic economy. I think that's certainly the goal, at the end of the day, in the public interest, that the ministry and the government should move forward on.

With that, Minister, again, if you wish to wrap up as what you wanted to leave us with in your last few minutes here.

Hon Mr Gerretsen: Thank you very much. First of all, let me say how much I've enjoyed the experience here for the last three days. It's unfortunate, and I truly mean this, that these estimates hearings don't continue on for longer periods of time—not perhaps with one particular ministry, but I really do believe that if the members of the Legislature want to have any notion as to what's being spent in different ministry departments, it's absolutely important that these kinds of estimates hearings take place, probably with most ministries, all the time. I know it's the first time since 1999, I believe, that the Ministry of Municipal Affairs and Housing has been here. It doesn't say very much for the total accountability of the process, but I'll just leave that for other people to work on.

I must admit that I was somewhat amused with the way in which the official opposition questioned me on the whole Oak Ridges moraine and Seaton situation, realizing full well that I'm a true believer in the notion

that the official opposition and the third party definitely have a dramatic role to play in this whole process. But it almost made it sound as if we were trying to hide information, with some of the terminology that was used by the members of the official opposition.

Let me just remind the people of Ontario and the people of this committee here that the greatest broken promise of all to the people of Ontario, as far as I'm concerned, that took place over the last year and a half was the \$5.5-billion deficit that was left by the last government when they said it was a balanced budget. That \$5.5-billion, huge, broken promise has basically put many of the programs we had wanted to put in place into a delay mode because we do believe in a balanced budget approach, and obviously the last government broke that promise to the people of Ontario on a number of occasions.

It's also interesting that the previous government basically set the original terms and conditions on the Seaton and Oak Ridges moraine deal. Those terms and conditions were not set by the current government, but they set it. They set up the confidentiality agreement, as far the protocol was concerned, and we are simply living by the agreements that were signed with the original owners as far as the confidentiality was concerned.

It's also very interesting to note that that previous government had two years to consummate that secret deal they had with the developers of the Oak Ridges moraine for the exchange of land to take place. In two years I guess nothing happened or nothing was finalized. I can tell you that we were able to do that within a year. Hopefully, we'll be able to do that as well with the Uxbridge people over the next little while.

I guess when it comes right down to it, the 900 units of housing that will not be built on the Oak Ridges moraine, and which we were able to negotiate out of the secret 6,000 units that the previous government was going to allow to be built there, improved the deal by securing more parkland in Richmond Hill.

Let me just read to you some quotes. I quote from a Toronto Star editorial of September 26, just three or four weeks ago, that says: "McGuinty has made the best of the bad deal cooked up by the Tories, whose handling of the Oak Ridges file borders on scandalous." That's taken right out of the Toronto Star article.

"Given the importance of the moraine, the situation cried out for fast, decisive action. But the Tories sat on the sidelines. In contrast, the Liberals have moved quickly since coming to power on an ambitious agenda to protect green space and agricultural land, and curb urban sprawl."

David Donnelly, a lawyer for Environmental Defence Canada, said, "It"—being the Liberal land swap—"closes a sad chapter in Ontario's land use development process."

Bill Fisch, chair of York region, said, "We're very pleased about it. York region will be picking up more than a thousand acres (400 hectares) of new parkland."

Neil Rodgers, president of the Urban Development Institute, "said the deal should mark the end of a long and acrimonious period between the industry and the provincial government that predates the Liberals.

"I think much of the fodder will be laid to rest....

"It's forgotten, it's water under the bridge."

Glenn De Baeremaeker of Save the Rouge and a Toronto councillor said the swap concludes a "disgraceful Tory legacy." That's taken from the Toronto Star of September 24.

John Barber of the Globe and Mail, just recently, on September 28 said, talking about the land exchange, "But there is an upside: The deal ensures that Richmond Hill get some part of its moraine holdings protected in perpetuity and, just as important, it sorts out the future of the Pickering lands, hastening the day when they are developed as a well-planned, non-sprawling satellite town....

"Seaton is the great hope for a progressive counter-example to the usual sprawl; now it appears to be happening."

The Chair: Minister, your five-minute wrap-up has just about concluded.

Hon Mr Gerretsen: Oh, that's interesting. I thought I had 15 minutes.

The Chair: Let me clarify for the record: It is the custom of this Chair to, as a courtesy, give the minister up to five minutes for closing comments. If the Liberals wish to yield their time, they yield it to the committee; they don't yield it to a minister.

If they want their time back, I'm prepared to give them that, but we have 14 minutes left, which means we'll be back here next week.

Hon Mr Gerretsen: Oh, no. For two hours, yes.

The Chair: I was wanting to encourage you to get to the point, but the custom—and no committee has ever overruled me—is the courtesy of giving a minister five minutes at the end to do a wrap-up. We now may end up having to come back.

Hon Mr Gerretsen: Let me just thank you for the time that your committee has taken.

The Chair: You did a great job, Minister.

Hon Mr Gerretsen: Let me just thank all the members of the committee for their questioning. The bells are ringing, so we have to leave this now. Thank you very much for your time.

The Chair: Thank you very much, Minister, to you and to your staff, for your candour and your presence.

I wish to advise the committee that Mr Hudak has filed 19 questions with the clerk of the committee, and they will be circulated to the ministry. Those are included for the record. There are some outstanding questions that have been passed on.

Mr John O'Toole (Durham): Will all members of the committee get those?

The Chair: Yes, they are circulated by the clerk to all committee members.

I wish to call the vote and then I have a housekeeping matter to put on. Having thanked the minister and recognizing we have a bell, I wish to conclude that the time

allocated for these estimates have been completed, so I will call the vote. Those who are subbed in appropriately are present.

Shall vote 1901 of the Ministry of Municipal Affairs and Housing be approved? All those in favour?

Mr Hudak: Recorded vote, please.

The Chair: You want a recorded vote? Let's do this quickly. Fine; it's automatic, without debate.

Ayes

Arthurs, Di Cocco, Kular, McNeely, Milloy.

Nays

Hudak, O'Toole, Prue.

The Chair: That is approved.

Shall vote 1902 carry? Same vote? Thank you. Such co-operation.

Shall vote 1903 carry? Same vote? Agreed.

Shall vote 1904 carry? Same vote? Agreed. Carried.

Shall vote 1907 carry? Same vote? Agreed. Carried.

Shall the estimates of the Ministry of Municipal Affairs and Housing carry? Same vote? Agreed. Carried.

Shall I report the estimates of the Ministry of Municipal Affairs and Housing to the House? Agreed. No recorded vote. Perfect.

That completes those estimates.

I have one request filed from both the NDP and PC caucuses. The NDP has requested that the following people from the Ministry of Children and Youth Services appear before the estimates committee: Heather Martin, director, children with special needs branch; Peter Rzaadki, ADM, integrated services for children division; Lawrence Lajambe, coordinator, child welfare review unit; Suzanne Hamilton, director, child welfare; Kathy Gallagher-Ross, senior policy analyst, Early Years and Healthy Children development branch.

The PCs have formally requested that Rob Adams, chair, Child and Family Services Review Board; Bruce Rivers, director of child welfare reform; and Cynthia Lees, ADM, program management, be asked to participate and attend.

There being no further business, this committee stands adjourned till next Tuesday, to begin the estimates of the Ministry of Children and Youth Services.

The committee adjourned at 1754.

CONTENTS

Wednesday 20 October 2004

| | |
|--|--------------|
| Ministry of Municipal Affairs and Housing | E-255 |
| Hon John Gerretsen, Minister of Municipal Affairs and Housing | |
| Mr John Burke, Deputy Minister | |
| Ms Joanne Davies, acting assistant deputy minister, planning and development division | |

STANDING COMMITTEE ON ESTIMATES

Chair / Président

Mr Cameron Jackson (Burlington PC)

Vice-Chair / Vice-Président

Mr John O'Toole (Durham PC)

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge L)

Ms Caroline Di Cocco (Sarnia-Lambton L)

Ms Andrea Horwath (Hamilton East / Hamilton-Est ND)

Mr Cameron Jackson (Burlington PC)

Mr Kuldip Kular (Bramalea-Gore-Malton-Springdale L)

Mr Phil McNeely (Ottawa-Orléans L)

Mr John Milloy (Kitchener Centre / Kitchener-Centre L)

Mr John O'Toole (Durham PC)

Mr Jim Wilson (Simcoe-Grey PC)

Substitutions / Membres remplaçants

Mr Tim Hudak (Erie-Lincoln PC)

Mr Michael Prue (Beaches-East York / Beaches-York-Est ND)

Clerk / Greffier

Mr Trevor Day

Staff / Personnel

Mr David McIver, research officer,
Research and Information Services



E-12

E-12

ISSN 1181-6465

**Legislative Assembly
of Ontario**

First Session, 38th Parliament

**Assemblée législative
de l'Ontario**

Première session, 38^e législature

**Official Report
of Debates
(Hansard)**

Tuesday 26 October 2004

**Journal
des débats
(Hansard)**

Mardi 26 octobre 2004

**Standing committee on
estimates**

Ministry of Children
and Youth Services

**Comité permanent des
budgets des dépenses**

Ministère des Services à l'enfance
et à la jeunesse

Chair: Cameron Jackson
Clerk: Trevor Day

Président : Cameron Jackson
Greffier : Trevor Day



Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 26 October 2004

Mardi 26 octobre 2004

*The committee met at 1535 in room 151.*MINISTRY OF CHILDREN
AND YOUTH SERVICES

The Vice-Chair (Mr John O'Toole): I'd like to open the meeting of the standing committee on estimates and welcome the Honourable Marie Bountrogianni, Minister of Children and Youth Services. You have 30 minutes to address the committee, after which there will be 30 minutes for each of the opposition parties to respond. There's a total of seven and a half hours, as you're well aware. I welcome you and your staff, and look forward to your comments.

Just one administrative thing, when persons are first speaking, if they could identify themselves for Hansard and the record it would be much appreciated.

Hon Marie Bountrogianni (Minister of Children and Youth Services, Minister of Citizenship and Immigration): Mr Chair and members of the committee, thank you for inviting me today to present to you our vision for the new Ministry of Children and Youth Services. I thank you too for the opportunity to answer any questions you may have about the important and exciting work of this new ministry. I'm joined today by my Deputy Minister, Jessica Hill, and other senior ministry officials.

I'm confident that you will see that the people around me have done a remarkable job establishing the first new Ontario ministry in a generation, a challenging and often daunting task. I want to thank the many staff in the ministry who helped us get to where we are today. These are people deeply committed to bettering the lives of children and youth in Ontario, as are the thousands of Ontarians who provide services for children and their families across our province every day and the many more thousands of people who volunteer their time in an untold number of ways to help Ontario's young people live rich, full, promising lives.

The Vice-Chair: Mrs Bountrogianni, if I could just rudely interrupt and ask that if you have written comments that could be distributed among members of the committee, it would be appreciated. It's just much easier for them to make notes and follow up.

Hon Mrs Bountrogianni: OK. We'll arrange for that. There may not be enough copies now, but we will arrange for it.

The Vice-Chair: Thank you very much, Minister.

Hon Mrs Bountrogianni: Would you like me to wait until that happens?

The Vice-Chair: No, that's fine.

Hon Mrs Bountrogianni: I know that every member on every side of the Legislature faces important issues affecting children, youth and families every day, and I know that every one of you and your colleagues have many stories to tell of how we can do better for young people in your ridings. We must do better in Burlington, Kitchener, Ottawa, Bramalea, Ajax and Samia, and I know that children and youth inspire a sense of responsibility far greater than any party differences. That's the spirit in which I come before you today.

One of the first things that Dalton McGuinty did after being sworn in as Premier a year ago was establish the province's first Ministry of Children and Youth Services. Here's what he said at the time: "How we care for children is not only a reflection of our shared values, it is critical to the future social and economic success of our province.... Investments in ... children ... pay off with better learners, healthier children, more secure families and a more productive economy.... The time has come for us to invest in the services children need to become happy, healthy, productive adults."

In less than one year we have brought together, under one roof, programs from three separate ministries. The new ministry inherited programs for children and youth formerly in the Ministry of Community and Social Services, the Ministry of Health and Long-Term Care and the Ministry of Community Safety and Correctional Services. The result is that Ontario has a single ministry responsible for child care, services for children with special needs, early childhood development, children's mental health, child protection and youth justice.

1540

It makes sense. It's the same reason we have a Ministry of Health. There are dozens and dozens of individual programs, but they are managed in common because we have an overarching objective to provide quality health care. And so it is with children and youth. We have an ambitious vision and ideals for children and youth in this province, and the surest way to achieve those ideals is to ensure that the programs and services designed to meet them are managed thoughtfully and in concert with one another. I am well aware of the significance of the challenge but know that this government, this ministry and this minister will rise to that challenge.

We are committed to developing an Ontario where all children and youth have the best opportunity to succeed and reach their full potential. We know that the journey to that kind of Ontario will take time. It will also take the energy of people working in communities across the province, and that is why I've spent a good part of the last year travelling around the province. I've met with many people who share a commitment to Ontario's children and youth: child care operators, child welfare workers, youth justice staff, children's mental health professionals, regional and municipal officials, and of course parents, children and youth.

Everywhere I went across the province, I asked the same questions: How can we serve our children and youth better? What barriers are in the way of delivering the best opportunities to our children? The response I heard was essentially the same from everyone. They told me that we need to bring it all together so that families can access the services they need and service providers can deliver integrated services. Time and again, I heard that children's services in this province have been too fragmented. I think that "frustration" captures the state of affairs that prevailed in children's services when I arrived here. As soon as I became minister I took stock of what we had. And what we had was a group of professionals and service providers very committed to providing quality services. Given the resources available to them, they have done an outstanding job. But the system that tied all of their individual efforts together was faltering; in fact, it was hardly a system at all.

First of all, there just weren't enough of those dedicated professionals to meet the needs. Inattention to the sector over recent years meant that wages and resources in the sector had not kept pace with other sectors. It's no surprise that many high-quality professionals left the children's service field, and the agencies that employed these individuals simply could not afford to keep them all, much less expand and hire badly needed new staff. So we had to get some new funds into the system fast to begin to rebuild its overall capacity. We did that, and I'll talk about some of the specific investment we made in a moment. But we had to do more.

We faced more challenges than simply staffing shortages and a lack of resources. We had a fragmented system. We had a system that saw parents of a child with special needs deal with multiple ministries to get the services they and their child needed. We had a system in which many children, youth and parents were not taking advantage of some very good programs because they didn't know they existed. In one of the public hearings—this is in a rural area—a mother told me that she was transporting her child for therapy one hour outside of where she lived for a year until she discovered there was a similar service 10 minutes away. That's important when you consider the communication aspect of this ministry. We had a system that at policy level was not maximizing its resources in one area to bring about benefits in another.

We've begun changing all of that. By combining children and youth services in a single ministry focused on

the children and youth themselves, we can see and act on those linkages. We can make investments in children's mental health and know that they have an effect on reducing youth crime. We can make an investment in early years supports for parents and know that it will help reduce abuse and neglect, keeping children out of our children's aid societies.

I'd like to focus on what we've done in the first months of our new ministry. It's a long list, I'm proud to say, and you'll see that it addresses both of the challenges we faced. Our achievements have boosted funding and resources to begin to rebuild the capacity of our children's services, and they begin to tie all the services together in a web of interconnected programs all guided by the same common results we want to achieve for Ontario's children and youth.

I'll start with child care. We know that quality, affordable, accessible child care and early learning prepare our young people to arrive at school ready to learn. It's an investment that pays dividends for decades and decades, as children grow into productive contributors to Ontario's economy. It also pays dividends for families: Parents can work away from the home when their children are in a quality child care program. That's why I was proud to make two funding announcements earlier this year to boost child care services in Ontario.

In January, we invested \$9.7 million into one-time capital projects. These were mainly health and safety projects like repairing roofs and heating equipment. This funding also enabled some operators to convert infant rooms to toddler rooms, as demand shifts. As well, as you're well aware, the federal legislation has changed with respect to parental leave, so that mothers now have, if they wish, up to a year to stay at home with their newborns, their babies. This has changed the demand in certain parts of the province for a bias toward toddler rooms as opposed to infant rooms.

But we were just getting started. This first investment helped shore up our existing supply of child care centres and spaces, and it helped prevent closures that might have resulted if some of these centres had not been able to make needed health and safety repairs. People in the child care community in Toronto told me it came in the nick of time. We certainly can't afford to lose any of our existing supply of child care spaces. We need to expand them.

In July, I announced that we are investing a further \$58.2 million into child care. That kind of investment can create 4,000 new subsidized spaces across the province. In reality, 4,000 spaces will likely serve many more than 4,000 families, as many children only use a subsidized space part of the time: some only mornings, others only a few days a week.

These two investments represent the full federal transfers we received for child care, and we put every nickel of it where it was meant to go: into child care.

We know that families in rural Ontario have different needs than families in urban centres. That's why we've given municipalities significant flexibility in how they

use the money to create new subsidized spaces. We expect them to provide new spaces for children from infants up to six years old. But we've also directed a portion of the funding specifically to create new subsidized spaces for preschool-aged children in child care centres in and around schools. Child care must prepare children for school, must be connected to the community and must be convenient for parents. When child care centres are in or near schools, they do all of that.

It's a start toward our Best Start strategy, a plan you'll be hearing about in the months to come. At its core, Best Start is about setting children on a positive trajectory from infancy and enabling them to transition smoothly into school, so we've set to work to rebuild the link between child care and education.

One of the very exciting announcements in this year's budget was that we would be increasing funding for children's mental health. It had been more than 10 years since that field had seen a substantial funding increase to its base budgets. As you may know, this is a matter at the heart of my life's work. As the chief psychologist of the Hamilton-Wentworth school board, I saw first-hand the anxieties of children as they sought to cope with their mental illness. I saw first-hand the courage of parents as they sought to come to terms with their children's struggles. I also saw the frustration of well-meaning teachers who simply did not have the background or the resources to help these children. I know all too well that these families need our support before their frustration yields to despair.

Sadly, suicide is the cause of one quarter of all teenage deaths in our province. Failure to deal with children's mental health problems can lead to a path of adult mental illness, conflict with the law and homelessness. The Provincial Auditor reported last year: "Timely access to children's mental health services is often critical for ensuring the best possible outcomes...."

Underfunding of mental health services for children has had three serious consequences: overuse of more expensive health services; inappropriate use of services and facilities never meant for children with a mental illness; and worst of all, tragedy for the children in need.

Through my ministry, the government is providing \$25 million more this year for children's mental health services, and an additional \$13 million next year, bringing our additional investment to \$38 million. That is an increase of more than 11%. More significantly, it is the first big boost to the children's mental health sector in 12 years.

1550

Right off the bat, we provided a 3% base funding increase to agencies that provide children's mental health services. That will allow some agencies to fill professional staff vacancies and help us serve more children. It will also provide some overdue wage increases to staff in this very difficult line of work.

That's a start, stabilizing the sector with some badly needed new funding. But building for the future means more than simply percentage increases. This summer we

announced the creation of the new Centre of Excellence for Child and Youth Mental Health at the Children's Hospital of Eastern Ontario. This new centre is based on blending intervention, education, partnerships and evidence-based clinical research.

As we move forward with the children's mental health action plan, I have asked Dr Simon Davidson and a team at the centre of excellence to lead an important information process. Dr Davidson and his team will engage the broader community in ideas for standardization of care and best methods for delivery of care, education, treatment, training and prevention.

In March, I announced a new plan to help children with autism and their families. Since then, we have moved quickly to put meaningful new supports in place this fall. For now, let me summarize the improvements we have made for children with autism and their families. Our government is committed to providing a better future for Ontario's children with autism. To do that, we must provide supports that can benefit all children with autism, not only those at the most severe end of the spectrum.

We have implemented a wide range of new supports for families of children with autism, from a child's first assessment right through their school years. Teachers who have children with autism in their classrooms have access to 75 newly hired autism consultants to help them support these children in the classroom. That number will increase to roughly 150 as we complete the hiring over the coming months.

We've doubled the number of transition coordinators from 13 to 26, to help children move smoothly from preschool into school. More therapists and psychologists will be able to provide intensive behavioural intervention to 20% more preschool-age children with autism. So far, 24 more therapists have been hired, and many more will be hired as we complete the implementation. New guidelines will enable more children to be assessed sooner, so that they can take advantage of preschool supports.

The net effect is that we have taken a program that was very narrowly cast and made it broader. Rather than offering one limited type of service to one limited group of children with autism, we are providing a wide range of services that can allow us to support all children with autism in some way. Children with autism need to progress from clinical interventions to applied social settings, and that's what our program is designed to deliver.

Of course, there are many more children with special needs who need our help, and many of them are well served by Ontario's 19 children's treatment centres. These centres help provide the best possible physical, emotional and cognitive development for more than 35,000 youngsters with physical disabilities and special needs. CTCs offer everything from occupational therapy to speech and language pathology to physiotherapy. Yet despite the vital services they provide, funding for Ontario CTCs had not nearly kept pace with a growing demand for those services.

Interruption.

Hon Mrs Bountrogianni: Are we being called in for a vote or something?

The Vice-Chair: There's a 30-minute bell. In fact, it's a good time, you have about eight minutes left.

Hon Mrs Bountrogianni: I'm used to speaking more slowly now, ever since I took over the responsibility for Ontarians with disabilities, to let the ASL persons—I'll quicken it up.

So we stepped in to help. We provided a 3% increase to the operating budgets of all CTCs. It's a start. We know that 3% doesn't eliminate the pressure, but it does reduce it. We're starting to turn things around.

We're also building for the future. In addition to the operating increase, we are providing capital investment of \$24 million over four years to build or expand children's treatment centres in four cities. In Thunder Bay, the new funding means a new building for the George Jeffrey Children's Treatment Centre. The current one is outdated and too small to handle demand in the region. In Windsor, the Children's Rehabilitation Centre of Essex County will benefit from much-needed renovations and expansion. In London, the Thames Valley Children's Centre will expand to add a third floor.

In North Bay, I'm proud to say that the \$7.4 million in funding there will create a new CTC in a region that badly needs one. The new Northern Shores treatment centre will serve Muskoka, Parry Sound and Nipissing. There had been promises in the past about establishing this children's treatment centre and lots of headlines with pictures of the Premier of the day, but never money to build and operate it. Now North Bay will have the CTC it needs.

That still leaves us with one region in the province without a CTC. The Simcoe York District Health Council has made a proposal to integrate rehab services for children and youth of Simcoe county and York region. My ministry officials have spoken with the people in Simcoe York, and together they are working toward a solution.

Despite this outstanding gap, we have brought greater stability to the children's rehab sector and we're making real investments that will put the sector on a strong footing for the future.

Child welfare is another area we're building for a sustainable future. This isn't easy. Child protection services, through our children's aid societies, represent the largest single item in the ministry's budget. It's a sad reminder of how great is the need for child protection. What's worse, the need is growing. To be honest, it's not entirely a bad thing, because part of that trend is that more abuse and neglect is being reported. That means we're doing a better job, as a province, of finding and helping kids who need it.

The costs continue to climb. Just this year we added \$65 million to children's aid societies' operating budgets. We also provided more than \$20 million to clear children's aid society deficits from 2002-03. These investments help ensure that needed services are there for kids in the near term.

But to make the system truly sustainable, we need to change the nature of the child welfare business. We are

starting to build toward sustainability by working with the agencies to identify ways of containing legal and infrastructure costs. That's a start. Ultimately, we need to realign funding so that it focuses on the specific results we want to achieve: results like more children in permanent homes through adoption, results like preventing abuse and neglect before it starts so that children can remain with their families.

We have undertaken a wholesale review of the child welfare sector. We also established a child welfare secretariat, headed by the executive director of the Toronto Children's Aid Society. The secretariat is working closely with the sector to develop a reform package that would put child welfare services back on solid fiscal and structural footing so that we can continue to provide these badly needed services to children and youth at risk.

One group of youth at risk is those youth in conflict with the law. In youth crime, we have a dual responsibility: We must hold youth accountable for their actions, but we must also do it with a rehabilitative focus. In other words, we won't give in to them, but we won't give up on them either. We're transforming the youth justice system so that it can meet our dual objectives of holding youth accountable for their actions, on one hand, and putting them on a path to become productive, community-minded adults, on the other. If we really want to make our communities safer, we need to help troubled youth turn their lives around.

Youth in conflict with the law have unique needs. Meeting those needs means a dedicated youth justice system: not merely an extension of an adult system, but an independent, youth-oriented system. That transformation took some big steps this year as we closed the unsuitable Toronto Youth Assessment Centre, as well as two other youth facilities that were housed in adult institutions. We made a major capital commitment to build the new GTA youth centre, a state-of-the-art facility to meet the unique needs of youth.

In all, we've accomplished a great deal in our first months. We've brought greater stability for the agencies, professionals and staff who provide services to children and youth. We've begun an ambitious review of all the programs carried out by the ministry and all the programs supported by the ministry. That's a huge undertaking, but it needs to be done. It will lead to a better, more sustainable children's services system, one that is truly a system.

I appreciate the opportunity to report our progress to the members of this committee. I know you're going to ask me some tough questions, but I know that all of us here care deeply about what we're doing and care that what we're doing is right for Ontario's young people. For that reason, I welcome your help in doing my job as well as I possibly can.

With that, I'm happy to respond to the questions of the committee.

1600

The Vice-Chair: Thank you very much for that, Minister. I think the tradition has been that those are your

opening remarks, and we'll proceed now with 30-minute rotations starting with the official opposition, followed by the NDP.

We'll also respect the bells. There is a vote at the end of 22 minutes and we'll recess. I'm just wondering if it's the wish of the committee, for continuity purposes, not to interrupt the line of questions and responses, if at some appropriate time—I'll leave that to Mr Jackson—we could just adjourn the committee with sufficient time for members to do what they must do to get to the vote at the end of a certain block of questions and then leave the remaining time for that party. Is that appropriate? Would that be the best way to handle it so we can change topics?

This would mean that if the opposition critic would like to stand down their time to do their opening remarks—and I would make that offer to the NDP: You could be splitting your time. You wouldn't get a 30-minute statement and/or questions to the minister. If somebody wants to make an opening statement—

Mr Cameron Jackson (Burlington): We don't have a ruling yet?

The Vice-Chair: No, what I'm putting to the committee generally is that normally Mr Jackson would have 30 minutes. His 30 minutes is going to be interrupted in about 15 minutes, because we need a few minutes to get to the vote. So what I'm saying is that we could recess now and come back after the vote, which means we would be recessed for about 25 minutes.

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge): Why don't we proceed, Mr Chairman? Rather than debate the time, why don't we proceed with Mr Jackson and determine whether he would like to do the 15 minutes or break at the end of a question? At least then we'll be using the time we have wisely.

Mr Jackson: First of all, it's the custom to not interrupt either a minister or the prescribed time frames of the half-hour intervals. That's the custom. I'm not comfortable having it all busted up. I do have a point of order to the Chair that I'd like to raise, but I'd be more comfortable starting when we're not being interfered with, with bells and our whips coming in and out of the room telling us to get upstairs. That's my opinion. I'd like to present my—

The Vice-Chair: Do you want a point of order right now?

Mr Jackson: I'm not sure it's a point of order, but more a point of privilege: I had asked for one of the agencies of the new ministry to send a representative. Both the NDP and I had made a request that a representative of the Child and Family Services Review Board be in attendance. Is that individual available?

Ms Jessica Hill: We understood that the request was made of a number of individuals, for some of whom we've suggested replacements because these—

Mr Jackson: Jessica, let me interrupt you and keep this simple. I asked for a rep of the Child and Family Services Review Board. The request was made to me as the Chair, I passed it on to the minister. There should be a chair, a vice-chair and several other individuals. But it

is perfectly within the mandate of this committee to, short of a subpoena, have a board or commission present here. When I was energy critic, I had the head of the Ontario Energy Board come. It was a difficult session, but it respects the fact that they're a transfer agency of your government and that you have lay people in charge of them, and it has been the custom for them to come forward. Is there no one left in the province managing the Child and Family Services Review Board?

Ms Hill: There are, I believe, 12 active members of the board. We have not—

Mr Jackson: Is Mr Adams still—

Ms Hill: He is still the chair.

Mr Jackson: Fine, and the vice-chair is?

Ms Hill: I'm not sure who the vice-chair is. Just a minute.

Mr Jackson: Who decided their attendance wasn't necessary?

Ms Hill: I think, Mr Jackson, we thought for the purposes of the first day we did provide a number of names before you. If you would like Mr Adams particularly to appear, we can certainly approach him.

Mr Jackson: The custom is, out of courtesy, to advise him. Has he been advised his attendance has been requested?

Ms Hill: I'm not sure, actually; I'll have to determine that.

Mr Jackson: All right. Perhaps we could get back on track. I put the request in as the Chair. It wasn't my specific request; it was a request from a specific member who wishes to sub into the committee.

It's not our intention to hold these people up for three days and make them sit here. The idea of contacting them is to determine their availability so we can say, "For this one hour, would that person be available?" Then we would ask our questions during that hour and that would be the end of it. It's not our intention to have him sit here for three days, even though he gets paid a per diem. He may not be offended by that.

Ms Hill: We will convey that to him, Mr Jackson.

Mr Jackson: That's the process, so I appreciate that.

Ms Hill: I don't think it was actually clear whether he would be able to be here for that length of time—

Mr Jackson: Well, that's why you have a vice-chair.

Mr Ernie Parsons (Prince Edward-Hastings): On a point of order—

The Vice-Chair: Are you speaking to the point of order that is before us?

Mr Parsons: On that same point of order, I would look for some direction from the clerk, if he could check into it. This is an independent review board, and I'm not sure of the appropriateness of political interference in what is to be a stand-alone review. I wonder if we could check on the appropriateness as to whether there is a requirement to come, because I believe they should be independent and not part of the political process.

Mr Jackson: Which is why all three political parties are able to interview them. But they are a transfer agency, and under the act, I can assure you, in my six

years as chairman of this committee, we have had a considerable number of agencies come forward, but we'll get a ruling.

Mr Parsons: I would just ask for a ruling.

Mr Jackson: It was important to you in opposition; I suspect it will be just as important to you in government.

The Vice-Chair: There it is. We're going to recess until after the vote.

The committee recessed from 1606 to 1627.

The Vice-Chair: The standing committee on estimates will reconvene. The Chair recognizes the member of the opposition, Mr Jackson.

Mr Jackson: Thank you, Mr Chairman. First of all, let me congratulate the minister on her appointment as the minister responsible for children and youth in our province. I certainly support the policy position that integrating services is important in our province, and long overdue.

In my almost 20 years here, I've had occasion to sit in opposition for 10 years discussing children's services as an advocate and recall very vividly the Children First document that laid out some rather significant challenges. If we were ever to sit down quietly and go over that document, we'd find out that about a third of it has been implemented, about a third is being considered and about a third seems to not make it on to the table.

I just want to say that I'd like to include myself as one of those individuals who, first of all, supports the public policy direction. I also would like to say for the record that I think your background eminently qualifies you to be the minister. I'm sincere when I say that I would be very happy if you could stay in the ministry for four years—or three years, as would be the case, by your own hand—because of your background and your understanding of these issues. I think we're fortunate, in a non-partisan sense, if we can move forward on issues of agreement when the critics—in this case both your critics—and the minister have a background in the area. We should be able to talk a similar language many times and understand what the real challenges are.

Having said that, obviously there are issues that we'll want to raise, and I would like to use a considerable amount of my time to probe deeper into what your short- and long-term plans are. Having been a member of privy council, for me the real issue will be the political will of the government as determined through the actions of the minister at that table, and subsequently the kinds of funding and policy initiatives the government will take.

You inherited various ministry pieces that you've referred to; some had undergone some degree of reform and some have not. To be fair, we need to acknowledge that some of the things that were initiated were a pretty important attempt, and we need to measure during the time in estimates to determine the will of the government to proceed with those reforms or the will of the government to change direction. Clearly, after one year we're able to see which ministries and ministers are moving in different directions. We really have not seen that as yet, and it may be too early, given that you're

constructing your new ministry and you're integrating your personnel. Almost all of them, when I review the list, are well known to us in social services and should be able to work together quite well because they have a considerable amount of experience and they have the institutional memory.

Mr Chairman, so you don't have to interrupt, we have a 29-minute bell. I'm quite comfortable to continue. We can't predict these things. As long as we watch the clock, my time should expire just before we're called to the House. So if everyone is comfortable, I'd like to proceed and start moving through these estimates.

Minister, there will be questions that I would like to present for the record, and I would like to have as many responses as possible. At one point, I will be reading questions into the record for your staff to respond to in detail, and I will want to ask general policy direction questions of where you're going.

If I might just begin, I understand—again, a little bit of committee business—you had notified me as Chair that you and your deputy were called to Ottawa for next Monday and Tuesday and therefore would be unable to attend. Given that both you and your deputy could not be here, we couldn't yield to a PA because that would be too large a deficiency, so we will be able to work on Wednesday with the issues around daycare.

I did want to raise some issues with daycare, but it may be more appropriate—unless you're prepared in your rebuttal summary comments before today's end to discuss with us the agenda that the federal government has presented. We know there are substantive new dollars coming from the federal government as a result of federal government initiatives. We, as a province, welcome those. We recognize, for example, that we received 58,266 million more new dollars from the federal government. In your statements you had indicated that your enhancements were around \$50 million. Perhaps you might address later exactly where those dollars were flowed and how: whether it was to change the eligibility for capital or whatever. Could you help us with that breakdown a little bit better?

We applaud the existence of new dollars, but it's fair for us to track just how much of that is new federal money and how much of that is new provincial money. If you do have elements of the agenda, I think what's of concern to us with the FPT meeting with Minister Dryden will be what conditions the federal government may put on those dollars coming to Ontario. Although the range of options is a lot less with daycare than it is with, say, hospital funding, which your health minister is struggling with—the federal government is putting too many conditions on it—I think this committee would be vitally interested in knowing, as will the public, what your position might be going into these FPT meetings, your first, to deal with this new money and the larger framework for a national strategy.

Generally, national strategies, as you know, Minister, put Ontario in an awkward position, because invariably—and I can't think of any, but in the social health

field, Ontario generally is a leader in terms of availability, access and the basic guidelines. So there are some concerns when the federal government designs programs and funding conditions that are more for those have-not provinces that need to have their outcomes prescribed by a federal framework. Ontario doesn't really need that. We have the critical mass of people and funding to provide some of the best programs on most of these fronts.

The second area I was hoping to explore and will explore in rather great detail is children's mental health organizations. I do wish to correct the record: This is not the only increase they've had in 12 years. In fact, your ministry provided a 1% staffing enhancement in 2000 and 1.5% in 2001. That was across the sector for staff retention, an issue which I know was near and dear to your heart. It was near and dear to your heart by your own occupational choices as a young woman. When you graduated with your degree, you saw the wisdom of earning \$10,000 or \$15,000 more by going to work for a school board instead of working in the—

Interjection.

Mr Jackson: It is true—

Interjection.

Mr Jackson: Under no circumstances am I impugning your motive. In fact, I consider that you're a minister who doesn't need any explanation as to how wage-gapping has occurred. But in children's mental health services, this has become very severe when a first-year psychology graduate is able to make close to \$70,000 at a school board and yet our children's mental health programs can barely make it, paying \$48,000 a year.

Why I raise that is that there are about four reasons for it. Maybe if we have time, we can get into a discussion about what the net effect of bump funding is when it's across the board, much in the way we did with pay equity and so on, without targeting classifications of workers who were lowest paid. There are other significant issues about where we migrate our programs based on the ability to pay salaries.

The other issue, of course, is the one I raised with you in the House about the residential treatment centres for hard-to-serve youth and the fact that under a previous government, again receiving the advice of the same civil servants who are in the room with us today, we provided that bump funding—staffing funding—to that sector under that program, but we're not providing it under this program, and therefore the gap widens. That is of particular concern to me because, like yourself and my colleague from Sudbury, we are painfully aware of how gaps actually widened, and that action by government actually widens the gulf. I know that's not an intended outcome; it's just a fact of what happens.

1640

So during our question-and-answer period I'm going to want to pursue issues about the degree to which you, as a minister, are satisfied that you are providing adequate funding to these homes since, by your own omission, if I asked you, "Do you regulate these homes?"

your answer would be yes; "Do you set their rate?" the answer would be yes; "Do you provide direct funding in some circumstances?" the answer would be yes.

To take a public policy position based on the advice of your bureaucrats today that these groups of residential centres are unworthy of the bump funding, I think, puts them in a compromised situation. For the record, they are not all commercial operations; there are many that are not-for-profit and many that are charitable, with a charitable board, and they are struggling. They do not get the additional assistance for health and safety retrofits, something we provided to private nursing home operators, private daycare operators, to a whole series of private facilities providing health services to vulnerable people. Yet, for some reason we have isolated this group uniquely. Again, I spent all my time on social policy and I cannot remember when we have done this to a specific group of care workers and their environment.

If you're satisfied, as the minister, that there are no health and safety issues and no children-at-risk issues involved, then that should be on the record. But I know there have been facilities where we've had staff murdered. I'm thinking back about 15 years ago to one in Barrie, particularly, when that occurred at a home such as this, with staff assisting children in transition from corrections facilities. Now fully within your mandate, this is the kind of residence we're talking about.

Limited training, access to training dollars—that's all part of that environment when we say to them, as the government, that they are second-class facilities or their workers aren't worthy even though they have the same graduating certificate. The only difference is that you were able to get hired by a school board and they just didn't get that; they weren't that fortunate. They went and found work where they found it. They are considered probably the pre-eminent training facility for most facilities and then they take them and go on to other facilities that are the recipients of your bump fund. I think you're aware of that.

So there's unfairness and extraordinary staff turnover, which is never healthy for any system. These are all endemic to a system that isn't treated fairly. When I raise the concerns from the Ontario Association of Residences Treating Youth facilities in our province, I do so with the knowledge that we don't wish to, in any way, communicate to them that we think less of the importance of the care that occurs there.

That, in turn, is going to bring up a whole series of questions when we deal with children's aid societies and their deficits and their reliance on residential treatment. I was surprised. I did not know this statistic, but only about 7% of the clients served by children's mental health programs are children who are under the direct supervision of the CAS, and clearly 93% of them are families in crisis. I was surprised at such a low number.

Then, when we consider the rather high number of children who are placed in these homes and their cost, it raises questions about the analysis your ministry has done with respect to the size of these deficits and what is

the primary reason for the deficits and the potential solutions.

Again, to be fair, these were reforms undertaken by our government. Through consultation, there was general agreement. We were trying to shift the paradigm. But to go from \$560 million in 1999 to \$1.08 billion in five years has to be of concern to everybody.

We budgeted, and you paid for, the \$20 million in last year's deficits. But I'm hearing numbers as high as \$85 million to \$90 million projected for this year. I'm hearing anecdotal stories about CASs that are being told to lay off front-line staff. I'm not saying who, because no one wants to say. It's just what we're being told. You don't know if it's a regional office or where it's coming from. I know it isn't coming directly from the minister's office, because you know better.

Anyway, the point I'm trying to raise is that we need to spend a fair bit of time in these, because the CASs consume almost half at the rate they're going.

It's interesting—if I can get political for 60 seconds—that we've applied a standard to our hospitals that we're not prepared to apply to our CASs. As a child advocate, I'm glad you didn't get roped in on the same strategy. By the same token, it raises some questions about where we're going with the formula.

I wanted to raise an issue which I raised with you privately—and I won't get into the circumstances; they are extremely difficult to talk about—involving children receiving treatment for sexual abuse. The issue for me was triggered by unsupervised access. I have raised questions about why we have a two-tier supervised access program in our province. I've asked legislative research to do a research paper for me. They have, in turn, provided me with some very interesting information about how the various provinces in Canada are dealing with this.

It strikes me that to have a codified, legislated system available to families in conflict over a marital breakup—we have all the supports in place. They're housed, there are guidelines, there is legislation, there's everything. Yet children who are at risk of sexual and physical abuse by a parent who wishes to gain access and who is involved with a CAS—we really don't have the kind of legislated framework, nobody has really taken ownership of the program. We've sort of left our CASs out there to provide it with loosely defined guidelines. To me, that's risky.

It was risky, in my opinion, for the Latimer family. There is now a coroner's inquest occurring with Kevin Latimer's case, which I raised. It will, in time, reveal to us certain deficiencies. Clearly, as I've stated in the Legislature, there will be opportunities to examine just what happened. In my view, part of the process was the differentiation in supervised access. Kevin has a little brother, and I'm very concerned about the little brother now being subjected to a system that we haven't changed yet.

I'll leave that, but if you do have time, I would like to explore that a little further with you. I know it involves

discussions with the Attorney General. Surely, supervised access—and I was here in this room tabling the amendments to create it for the first time when we were doing the Family Law Reform Act about 15 or 18 years ago—was to protect the children. So it may be rooted in one piece of legislation, but it's absent in another, which brings me to the Child and Family Services Act.

As you know, Minister, one of the concerns we have and have always had is that children aren't persons in our province, because they're really not deemed as such under the Child and Family Services Act, not in the pure constitutional sense of the Charter of Rights and Freedoms. In fact, the state determines so much of their outcomes by regulation. I'm interested in rights legislation for children, and I suspect you are very much so as well.

1650

If we have time, I'd like to discuss with you why, for example, when we transported services in 1979 in this province from health over to Comsoc, we transported program responsibility but we didn't necessarily pull over much of the legislative framework and protection that exists under various other acts under the Ministry of Health. Children's mental health, in my view, falls in that category. Former minister Keith Norton was the architect of that move, and at the time it was considered an extremely wise move, a more sensitive move, to take it out of psychiatric hospitals and sanatoriums, which you and I are both familiar with, having lived on Hamilton mountain.

However, to this day we still don't provide guarantees for children to have access to mental health services. Surely we should be looking for a vehicle with which we're able to do that. If we're prepared to do that, then we can create the kind of environment that protects young children from the mental cruelty and torment they go through, which I feel is just as important as their protection from physical cruelty. Until such time as we can stabilize their legal rights, we're going to have programs that don't interface directly because they're not required by a court.

In my view, the benchmarks for the performance of your ministry will be the pulled together, comprehensive and integrated policy framework for children's services, which has never really been done effectively in our country. Secondly, that necessitates the review of legislation that will enshrine in this province, with its heritage of being the first to recognize women's rights, the first with a Human Rights Code and the first with disability legislation, which both you and I are familiar with, but also to deal with children's rights, which are less than adequate for a child's protection, especially in children's mental health.

I'm anxious to hear from you, Minister, about the framework in which you're going to be working in order to move these benchmarks along. I'm familiar with many of the areas that your ministry staff and some stakeholders are currently engaged in. What I'm looking for is to take the microscope up and determine how we're

going to integrate these parts more directly and to arrive at conclusions that are in the best interests of the child rather than the best interests of the largest recipients of funding in the province. I'll simply use as the example that I understand you've responded to the children's mental health organizations in our province that you would not be able to address some of their concerns until such time as you've reined in the deficits—I'm paraphrasing—of the CASSs. In my view, that's very awkward by virtue of the fact that I'm not convinced you're going to be able to—

Hon Mrs Bountrogianni: That's not exactly what I said.

Mr Jackson: I'm paraphrasing, but that's why you've got a rebuttal, so you can clarify it. I don't have the exact quote; I'm just replaying the impression that stakeholders have. But 3% bump funding isn't dealing with the waiting lists in children's mental health organizations, given that 93% of the caseload they're dealing with is community-based, where the school boards have given up and said, "We can't handle this," where they're self-mutilating or we don't have enough residential homes as an important therapeutic venture for these children. So they're left in children's mental health centres in order to receive care. By bump funding 3% to retain staff, you're not creating more service units, as you well know, and that is always the challenge when you do bump funding. You're not expanding program access.

Minister, when we get into more detailed questioning, these are areas I would like you to cover off in more detail.

I know my colleague is going to raise concerns about autism and the autism funding. I don't think anything is served by starting talk about broken promises. What's important is that I'd rather stay focused on your decision to drive resources to school boards, which are an expensive alternative to other treatment forums and modalities. I'd really like to know why you make that conscious decision. I think I know, but I sometimes try and put myself: "If I were the minister, what would I be doing?"

I would have liked to look at the option of expanding the age cohort for a period and being a little more innovative with Early Years funding and/or work with school boards, which never come to the table to assist social services unless there are dollars, and then as soon as the door is open and they're told there are dollars, they get the lion's share because they have the better benefits, the better package, the whole nine yards. I can say that, having been a school board trustee for 10 years.

It is an expensive way to go, and that doesn't necessarily mean they're not doing their job. It's that many of us, I'm sure all of us, have many cases that have built up in our files over years of kids who, having reached their sixth birthday, are left to the vagaries of the IPRC system and the politics, frankly, of the IPRC system in our school boards. But now the dollars aren't even coming to the table where we're case-managing these cases. These dollars are going directly to school boards. I'm pleased to hear—

The Vice-Chair: You have one minute, Mr Jackson.

Mr Jackson: One minute? Then we have the privilege of voting.

Hon Mrs Bountrogianni: I can clarify that later.

Mr Jackson: We're going to get into that. Let me simply say that there are several more areas of issues I wish to raise, but I look forward to working with you as the minister.

I know many of your staff from the years I was working in social policy, but I really want to support you to get more money at cabinet, because that's what this is about, and for you to be supported in your reforms of the system that will cause more seamless delivery, more case-managed, child-centred—all those things we've read about in every report I've kept in my library from Children First all the way through. I would like to really see some progress made. A lot has been done to date; more can be done. I'm pleased you're the minister who can do it.

The Vice-Chair: Thank you very much. We stand recessed until after the vote.

The committee recessed from 1657 to 1704.

The Vice-Chair: This committee is now back in session. I welcome comments from the third party. Ms Martel, you have 30 minutes or a part thereof.

Ms Shelley Martel (Nickel Belt): I'll probably break a little before so that people can go and have a vote.

I'm going to do a combination of two things, both questions and comments, in the 30-minute rotation.

The Vice-Chair: It's your 30 minutes.

Ms Martel: Minister, thank you for being here this afternoon, and thank you to the staff who are here to support these estimates and this process. I don't think it will come as a surprise to you that I am going to focus my first round on the autism file. I have some questions and some comments through that process.

Where I want to begin has to be on the issue that I find most important with respect to this file, and that is the matter of IBI treatment for children over the age of six. It was interesting that on page 34—I don't think you had a chance to read it into the record—you had a quote from Premier McGuinty, on the very last page, saying, "If we want kids to aim higher, we must give them strong support sooner."

I'd like to start with another comment made by Premier McGuinty during the election campaign to Nancy Morrison, whose son Sean has autism and who just, in the last two months, got off a waiting list and started to get treatment. He said very clearly during the election campaign to a mom who had a child with autism: "I also believe that the lack of government-funded IBI treatment for autistic children over six is unfair and discriminatory. The Ontario Liberals support extending treatment beyond the age of six."

That was the position before the election and during the election. After the election, the position changed. I have to tell you that I don't understand this position, so I think I'd like to begin the line of questioning around that very issue. What was it after the election that changed

that would essentially have you in the position of continuing a discriminatory policy that was started by the former government?

Hon Mrs Bountrogianni: Thank you for the question, and I know the honourable member really cares deeply about these kids and this file. I want to assure all of you that so do I.

This was stated before the election. I can answer part of the question. Some of your question begs another answer, which has to do with a legal case that I cannot comment on. However, I can tell you how we did our plan, how we got our plan going. I can't comment on the IBI over six because it has legal ramifications. I can tell you why we did what we did, if that helps.

Ms Martel: I'm not sure. You can give me an answer, and then I'll probably pursue it from there.

Hon Mrs Bountrogianni: OK. I inherited a very difficult file on this issue. It's not a file that I was totally unaware of from a professional perspective, if not from a political perspective.

There were a couple of things. First of all, we wanted to get the best advice on what to do for all children with autism at all aspects of the spectrum: those who are severe, those who are moderate, those who are mild, those who are not necessarily diagnosed with firm autistic disorder.

We wanted to help all those kids, so we had a series of consultations with experts from the field. Some of them were people who were working with the former government and some were not. We had a combination of experts. Their direction was not—it was actually not directive. It wasn't, "Don't do this," or, "Don't do A, B or C." Basically, I said to them, "If you were to design a very good program, the best possible program for children with autism, both before they go to school and after they go to school, how would you design it?" Based on those experts and that advice, we have a document. They gave me recommendations and I adopted them.

1710

Yes, there was a major infusion of money: \$10 million for the under age six, which we hope will reach 20% more children for IBI, as well as \$30 million for after age six, which, to clarify a point Mr Jackson brought up, is not going directly to the school boards. We felt very strongly, based on my own past experience and what the experts told us, that you lose control over a service sometimes if you give it away. We wanted control over the service for a number of reasons, and that's why the regional programs run this service. Children with autism require consistency and, quite often in the school system, for various reasons, children with autism lose their EA or change teachers, and that takes them back years sometimes, as far as their development. We felt that to have consistency of assistance we needed to have the same people in the school board. So we are actually controlling those monies and those consultants; it's not money to the school board.

The experts also said that we don't have a research chair in Ontario or, indeed, in Canada to study better

treatments, to study why there is at least a perceived increase in the incidence of autism. Is it because we're better able to diagnose it, or is it because we truly do have more kids with this? It seems like we have more. We also have a research chair, which should be in place by September 2005.

We also have some concerns over the lack of regulation of IBI therapists. Those who are within the programs we supervise are properly supervised and we don't have concerns over them. But there are those, the freelancers, whom we do have concerns over. They have a two-week training period. Some of them have very good backgrounds and do very good work, we're sure, but there is no regulation; there is no consistency. We felt that two weeks of training is not enough, especially if you're not supervised, so we have also instituted, as part of our new funding, one-year certificates at the community college level, which we believe is a much more comprehensive way of educating people who work with some of our extremely vulnerable kids.

I can't talk specifically about anything that is in any way related to lawsuits, Ms Martel, but that is how we got to this platform.

Ms Martel: I didn't ask you anything about lawsuits. I'm not going to pursue Deskin or Weinberg or any of the matters that are before the tribunal, or even the cases at the Human Rights Commission. What I'm trying to focus on is a very specific election promise that was made that I have to believe your government understood the implications of when you were making it.

You were in the Legislature when I brought in any number of families and a number of children with autism who were being cut off because they turned six or had been cut off because they turned six. You heard some of the comments made by two former ministers during the time I raised those questions, ministers who said, "We've heard from experts who say that this doesn't work after six," and on and on. I think, if I recall this correctly, you were as appalled by their answers as I was.

So I cannot, for the life of me, understand an answer—and I listened carefully to what you said, which was, "After we were elected, we went and got the best advice for what to do with all children." That's fine. But before the election, you made a very specific commitment about what you were going to do for some of these children; specifically, those kids turning six who were getting their IBI arbitrarily cut off, not because they miraculously got cured at age six, but arbitrarily got cut off because that was all the program dollars allowed for, up to age six.

I have to ask you again—this has nothing to do with the legal case; I'm not even looking at that—what was it that changed before the election and after to so clearly allow you to essentially break a promise that was given, a promise that I have to believe you understood the implications of, as you were sitting there seeing me raise these cases? You raised some yourself. What changed? Is it money? Because I just can't see what else it was that would have led you to change from what was so clearly a matter of discrimination before the election to essentially

accept and, if not promote, continue on with the same discrimination started by the Conservatives before you.

Hon Mrs Bountrogianni: I understand your concern and your questions. I can't add more to what I said earlier except that we did have significant funding increases to this program. We did consult with experts, and this was the best possible program that they recommended. We're actually quite proud of our program. I understand your concerns, but this is the program we chose.

Ms Martel: Are you prepared to table the document that was prepared for you by the experts?

Hon Mrs Bountrogianni: Yes, absolutely.

Ms Martel: Let me ask, in that regard, do you have any advice from any experts that would suggest to you that IBI after the age of six does not improve the likelihood of children with autism doing well, actually maybe managing in school, keeping them out of a group home, allowing them to contribute later on? Do you have any information from any expert, any study that would show that IBI after age six is not worthy of consideration?

Hon Mrs Bountrogianni: We sometimes talk about IBI as if it's the only way to help a child with autism. For many children, IBI is totally inappropriate. What our experts have told us is that this is the best possible program for children to get IBI therapy when they're young, to learn these skills in a discrete fashion, one-to-one with an adult. But then they need to generalize those skills in a social setting, in a real world, in a world in which they will live. They will not live with someone one-on-one all their lives; that would be inappropriate.

That is the advice we received, and we acted on that advice. I'd be very happy to give you the recommendations.

Ms Martel: What if that advice is contrary to the recommendations being made to the very health care professionals who actually deal with the children? I raise the case of Cynthia and Bradley Boufford. I brought their son Jordan into the Legislature last year because he turned six and he got cut off under your government. His psychologist, the people he worked with in the IBI program he was involved in, said he would continue to benefit from IBI treatment—not a general program of socialization but ongoing IBI treatment. What about that expertise and that advice from people who actually work with these children, who know that after age six they still need maybe a year, maybe 18 months of IBI before they're going to be able to deal with more general principles in a classroom setting, for example?

Hon Mrs Bountrogianni: I know you're aware that I can't comment on any individual case. But I can tell you that I am actually very proud of our program. With the kind of resources, when it's all said and done—right now, every school board has at least one consultant, but there are more. It takes time to train and hire people. Right now, every teacher does have access to someone over and above whatever resources they have in the school boards. Some school boards have excellent resources and are dealing very well with the situation, but unfortunately many school boards do not. So they have

access to someone who can come in and give different types of problem-solving techniques with these children.

When I was the chief psychologist at the Hamilton board, even though I'm a psychologist and had lots of experience with all sorts of special needs, there were some children with autism I couldn't reach. Then we called in the PDD from Chedoke-McMaster. That's what they did full-time, so of course they had more expertise and more experience. They gave us advice, and we implemented that advice.

I understand your concern. I understand what was said before the election. But this is the program that we decided was in the best interests of these children.

Ms Martel: What do we do for those children who can't attend school, who can't access a public education because they need ongoing IBI, which is vastly different from a consultant providing advice to a teacher in a classroom? What do we say to those parents—and I'm not asking you to name names: I'm doing this as a reference—to the Bouffords, whose son is not in school, to the McKee family, whose son is not in school, to Norrah Whitney's son Lucas, who is not in school, and a whole host of others who are not in school because they need ongoing IBI to actually access education? What do we say to those families? Your program of consultants and transition coordinators does not speak to or deal with the needs that those children have, which is, specifically, ongoing IBI in order to actually access public education.

1720

Hon Mrs Bountrogianni: Again, as you recognize, I won't address any of the specific families, except to say that I disagree with the premise of what you're saying. I don't believe that any board has the right to say to any child, "You can't come in here because you do not have IBI." I don't think boards are saying that. I think that at worst, boards are saying, "We don't know how to deal with your child. We're having trouble dealing with your child." Every child has a right to be in school when they're six years and older, and every child has a right—this right they obtained in 1980 under Bill Davis—to be in school with proper supports. I disagree with your premise that the reason they're not in school is because they don't have IBI. There could be other reasons why they're not in school. I'm just as concerned as anyone else in this province when I hear a child doesn't have access to an education. That indeed is what, in my other ministry, the Accessibility for Ontarians with Disabilities Act is all about and will address in the future.

If you remember, I've included children with special needs, including learning disabilities, in my other ministry in that legislation. It's all about children being able to have what all children have. I do not believe—I could be wrong, but I have not heard of any cases of a board saying, "Your child can't be here without an IBI therapist." I don't think that's occurred. If that has occurred, I would be just as concerned as you, because school boards do not have that right. Every child has a right to be in school; every child has a right to be educated. I've worked with some of the most difficult children you

could ever imagine where, with the proper resources, with the proper consultation to teachers, parents and educational assistants, these children developed to the best of their potential.

Ms Martel: The issue is school boards saying to parents, "You can't be here with your IBI therapist. You can't come to school and have your child come and access education because you need an IBI therapist." Frankly, parents may have a right to have their children in school. Whether or not their child actually receives education is really a function of the supports they need to sustain them in school. It is absolutely wrong for school boards in this province to say to parents, "You can't have your IBI therapist in the classroom so that your child can learn."

I just want to read this into the record, because it says it better than I, from a parent in Mississauga who wrote to me:

"My five-year-old son Adam has been receiving provincially funded IBI for the last year and we have one more year to go. Don't try and fool me into believing that the school boards are interested in implementing anything close to IBI/ABA into the education system. Adam is currently forced to stay home from school every Monday and Tuesday afternoon to receive IBI because our provincially funded school system refuses to allow our provincially funded therapists into the classroom. The Peel Board of Education has no regard for how my son feels when his sister and brother go off to school every day and he doesn't get to. Even the classroom teacher is on our side and can't understand why Adam is forced to stay home. The Peel board ... will not ... discuss any ... options with us. Erinoak preschool autism services is providing our team of therapists, and I have been told that unless I make Adam available for 20 hours, they would discontinue his therapy."

I just have to add, because I've spoken to it, that the reason he has to go during the school day is because Erinoak has changed their hours of programming and he can no longer go after school. So their hours of operation now are essentially the school day, not after hours. He has clearly been told by the IBI regional provider that he has to go for additional hours, which they are thankful for, but he has to go for the additional hours during the school day. So now you have a situation where she has to take her child out of school because that's the only way she can access his IBI.

She's talking specifically about the consultants. Now the school boards say that he will be able to learn from a consultant dropping by and handing out a couple of brochures or making a couple of suggestions. "Where is the evidence that this kind of approach will be effective? If it were that easy, then Erinoak would be dropping by my house once a week or once a month with a few suggestions ... instead of making me spend 20 hours a week in my house" to provide IBI for my child.

"People have been selling off their cars and homes to fund IBI/ABA services for their children, and now our government is telling us that they are going to hire

consultants to protect all that we have invested and all the hard work and sacrifices that we have made? Are we really supposed to believe that a consultant will be able to fill the role of qualified people in the classroom? Who will oversee and monitor my child's progress? It is my understanding that these consultants will not even be dealing directly with the child, so how are they supposed to make recommendations based on the 'perceptions' of teachers and teaching assistants who are not qualified to identify and address the needs" of our children?

"Our classroom teacher would welcome the therapist into the class." Frankly, the principal has told her that as well; it's only the Peel board that says no. "The teaching assistant and the teacher would benefit tremendously from being involved 'hands-on' with the therapist working in the classroom, not to mention the tremendous benefit to my son and other children."

Teachers and teaching assistants are not trained to even identify issues that kids with autism face. How are they expected to bring these issues to the attention of a consultant if they don't even know what they are?

"When is the last time you heard of doctors diagnosing and recommending treatment over the phone or through a third party?"

"This is a slap in the face to our children. Would the" school board "ever consider putting one wheelchair in the school for all to share? I think not."

I just want to say again, Minister, you can talk about a right to be in the school—and I appreciate that; that is the legislation—but there's a huge discrepancy between the right that children with autism have to attend school and the actual mechanism that allows them to do that.

For children who are mild or moderate on the spectrum, the opportunity to have a consultant or, as you call them, a transition coordinator, may work for some of those children who are in a position to be able to learn. We are leaving behind those children who after the age of six still need ongoing IBI. They cannot learn in a classroom without the support of their therapist. What they need will not be provided by a transition coordinator or a consultant. What do we do for children like Adam—and I'm not saying respond specifically to his case, although I've sent it to your staff already—and many others like him who are now out of school because their needs cannot be met in school?

Hon Mrs Bountrogianni: Again, I appreciate your reading a specific case into the record. I don't want to get into this kind of match with you, because I know you really care about these kids, but I also have testaments from parents who like our program, from educators who like our program, who think it's the right thing to do.

I have a woman whom I actually talked about in the Legislature, but I had to stop talking about her because she starting receiving threatening calls. She's a teacher. She has an eight-year-old son who has autism, and she believes this is absolutely the right way to go. She knows she will not be alive forever and her son will eventually have to be as independent as possible.

To say that IBI is the only way for these children to learn is completely wrong. We have educated and social-

ized children with autism for many years before IBI was even known. I have personal experiences and cases, from my career, of children who were very difficult, who, with a lot of effort from the school board and therapists, as well as parents, teachers, education assistants, workplace placements, fights within the school system between advocates and teachers—all of that—had a good prognosis.

To put all of our eggs in that one basket is simply wrong. For some children, even under the age of six, IBI doesn't work. What we have attempted to address with this strategy is the full spectrum; not just the serious cases, not just the kids under six, but the full spectrum, from the moment of diagnosis right to graduation from high school and beyond, quite frankly.

Ms Martel: Minister, I'm talking about children who have had IBI. I'm not talking in theory about kids where IBI didn't work. These are children who were part of the government program, who would have continued to be part of the government program, except the program discriminates against them and arbitrarily cuts them off at age six, regardless of whether the diagnosis and the prognosis is that they should continue. I am talking about children who have had a government program, who would have continued to benefit and can't because they arbitrarily got cut off.

I think their parents, the psychologists and the staff from the regional providers would know better than most about what their ongoing needs are. Those people have said clearly that their ongoing needs are to continue to have IBI treatment and to try and do that in the classroom, if at all possible, because then they will be able to get an education and they will be able to succeed.

I'm happy some educators like the program; probably the ones whose needs are being met. I'm talking about the kids who had their IBI cut off when it was proving to be most beneficial. What about them?

The Vice-Chair: Ms Martel, we have about four minutes to get up and vote. I'm just wondering if you could make it quick, because we should do it in a minute or we should wait until after the bell.

Hon Mrs Bountrogianni: I appreciate the questions. I really respect the compassion, the passion and the concern for these children that Ms Martel has. This is our strategy. I am very proud of our strategy. We are just beginning to implement it, and I ask her and the families she's talking about to give it a chance.

The Vice-Chair: I have one administrative issue. You mentioned, Minister, in your response to the autism question, the name of a report that you made reference to. Could you put that name on the record for Hansard and for research?

Hon Mrs Bountrogianni: I don't have the title here.

The Vice-Chair: We're going to recess, but if you could provide a copy of that report to the committee, it would be appreciated.

This committee stands recessed until after the vote.

The committee recessed from 1731 to 1737.

The Vice-Chair: The meeting is reconvened. Ms Martel has three minutes left, and then there will be 30 minutes for the minister to reply.

Ms Martel: I see that the date on that report is 2004, and the decision for the new program was announced at the end of March 2004. What I'm curious about at this point is, who was involved in the specific decision, then, about not providing service to children over six? That document is dated after that decision was made.

Hon Mrs Bountrogianni: I'm sorry; I'm misunderstanding the question.

Ms Martel: Who was involved in the very specific decision not to provide IBI to children after the age of six?

Hon Mrs Bountrogianni: The decision wasn't made in that manner, Ms Martel. The directive I gave my ministry as well was to find the best experts we could possibly find in the field to come up with a program for all children with autism. No specific decision was made at all about ages. This was the program that was best for all ages, from the diagnosis right through to high school.

Ms Martel: Did your party, during the election and before the election, do a costing of how much it would actually cost to provide IBI after age six?

Hon Mrs Bountrogianni: Not to my knowledge. I was not the critic in this area before the election.

Ms Martel: In terms of the cost to end the discrimination and provide services after age six, you wouldn't know whether or not your party actually had a figure in mind before you made that specific commitment to Ms Morrison?

Hon Mrs Bountrogianni: No, we didn't have costings out. I don't want to talk about any other cases, but I do know that the advice the Attorney General was given was that this could be precedent-setting and it should be government that's developing policy, not the courts. That was as specific as it got with respect to actual decisions.

My directive was, "What is the best program for all children with autism?" There was no specific direction about cutting off or not cutting off. It was, "This is the best program for children with autism."

Ms Martel: I appreciate your directive to your own staff, but you must have been aware of the promise your Premier made during the election.

The Vice-Chair: One minute, Ms Martel.

Ms Martel: Where was your directive to staff to follow that and actually implement it?

Hon Mrs Bountrogianni: I was aware of what was in that letter, but I was not the critic in the area. I'm not even sure if we had a costing of it before the election, quite honestly. I don't know. I honestly don't know.

The Vice-Chair: That ends this rotation. At this point in time, Minister, you have up to 30 minutes for right of reply. I'll leave that at your discretion, as there are really about 20 minutes before the House will be—

Hon Mrs Bountrogianni: Chair, do I have the 10 minutes at the beginning of the next session? Is that how it works?

The Vice-Chair: You have up to 30 minutes. If you'd care to forgo the additional 10 minutes after we've recessed for the day, it's up to you.

Hon Mrs Bountrogianni: Then do I lose those 10 minutes or do I get them back the next time?

The Vice-Chair: No.

Hon Mrs Bountrogianni: I lose it?

The Vice-Chair: No, you can use the 10 minutes at the next part of the total 7.5 hours.

Hon Mrs Bountrogianni: Again, I just want to thank the honourable members for the questions. With respect to Ms Martel's concern about this situation, I respect it; I really do. This was the strategy that we developed after a lot of consultation with experts, and I'm very proud of it.

Also, I want to bring people to the reality here. Again—and I know this as a practitioner—children don't necessarily fit into the slots that people think they fit into, and one therapy is not conducive for all children. So when I did address my ministry and the experts, I actually stayed out of the working group. I said, "I want you to give me an unbiased recommendation on how to run the program for children with autism in this province," and this was the strategy. We are getting copies of the report. It's called, Implementation: Working Group Report. If you don't already have copies, you will have copies of the report.

I'd like a few minutes to address some of Mr Jackson's questions as well. You asked about the \$58 million, all federal money, and how it was spent. It was all spent on child care. It was spent on 4,000 child care spaces. There was also approximately \$19 million of that money for capital repairs, because after not being funded for a decade, a lot of the child care centres—60 of them in fact—were going to lose their licences if they didn't have repairs made. So we allowed that flexibility. Also, a portion of that money was to go to child care spaces in or around schools.

You asked, Mr Jackson, about integration of services. Our goal is to have our Best Start program announced in a couple of months' time. You will see that this is the beginning of Best Start, because we want to make a more seamless transition into the school system, and this was part of it.

You asked a little bit about our meeting next week. I think you've heard the Premier this week that Ontario needs to get its fair share. My position is my Premier's position on this: Ontario needs to get its fair share of child care dollars. We know there are four quads to the money that the federal government wants to give and that there probably will be strings attached, but quite honestly at this point, Mr Jackson, I don't know specifically what those strings are. I will have a better idea after Tuesday, so maybe on Wednesday—if I do have a better idea after Monday or Tuesday, depending on how the FPT meeting goes, I'd certainly be happy, if it's appropriate, to discuss it with you. I have to say that my bias, obviously, as Minister of Children and Youth Services, is for that money to go for young children, for the education and care of young children. That is my bias. If there are strings, I hope those are the strings.

You asked a little bit about children's mental health and the discrepancy in salaries, which is why we gave that 3% right off. We know that's just a start, and we know there are discrepancies. When I was working in the

field—I was in a management position—we routinely received resumés for the school board from people in children's aid, social workers in children's aid societies, psychologists and social workers and speech-language pathologists in mental health treatment centres. They liked the 10-month working schedule, they liked the salary, they liked the benefits. There is that discrepancy; you are absolutely right. The benefit of that was to the school system, to the detriment of the agencies. This is beginning to address that gap, and I know it's just a beginning.

You did mention that we did not increase services, that the 3% basically increases salaries and not services. We did give \$12 million out to the communities, where community planning tables are set to develop guidelines to provide a continuum of mental health services. So this additional \$12 million is for services, not for wages. We just established these a month ago, and we are receiving amazing recommendations on how communities can better integrate and provide more and better services with these monies. Again, that goes toward my longer-term plan—and I know you appreciate that things can't happen overnight—

Mr Jackson: In fairness, it's planning—

Hon Mrs Bountrogianni: The \$12 million will provide—

Mr Jackson: I get it, but it's not service units in the plan.

Hon Mrs Bountrogianni: The \$12 million will provide more services. That was one of the criteria. But this is a beginning to a better integration of children's mental health services across the province. In some cities, they work amazingly well. They have good connections with the school board and good connections with the children's aid societies. In other parts of the province there are silos. In other parts of the province there is unnecessary competition, and actually unnecessary competition of expense to the government and to families, which I am going to address.

This is just the beginning, and the regional plans—they were given some criteria: prevention and early identification, early intervention, intake and assessment, treatment and support, case management and service coordination, and crisis response. They were given target populations: children with social, emotional or behavioural problems; children and youth involved with child welfare; children and youth at risk of chronic, long-term mental health; children and youth with dual diagnoses; children at risk of suicide, which I am extremely concerned about; aboriginal children and youth; and, more specifically, fetal alcohol syndrome children. I know my colleague Ernie Parsons has a great deal of support for that.

It's basically to get people to work together. In the communities where all the mental health agencies, the children's aid societies, the boards of education, youth justice workers are all around the same table, the outcomes for children are better. It's quite simple. You know; you've probably dusted off 20 years of research

studies that prove it. It's also common sense, and that is why we gave this \$12 million.

Mr Jackson: Our government started it.

The Vice-Chair: Mr Jackson, it's the minister's time.

Hon Mrs Bountrogianni: Mr Jackson, I was in the sector and I know what your government did. I know a lot of governments have been grappling with this. I know I'm not the first to grapple with it. I do have the good fortune of having an actual ministry with an actual budget, so I'm hoping that will make a difference in better integrating what's out there. In some communities, it's actually tragic. It's not necessarily lack of resources but lack of coordination of resources. And in some communities it is lack of resources, quite frankly.

You mentioned the children's aid societies and the amazing increase in the costs. This happened over the last five years. We are also concerned about that. Let me clarify what I did say to the children's mental health. We paid off \$80 million of deficits last year. All I said was that I don't have an infinite budget. I would like to get these costs under control so that I could give more money, not only to children's mental health but to all other aspects of my ministry, whether it's early childhood, adoption or youth justice. There are a lot of areas that are crying out for money. You know very well that children's mental health asked for \$50 million and we only gave \$25 million, which grows to \$38 million next year. I'm very well aware of the gaps, and I'm very well aware that this was just a start, but we have to grapple with that.

More importantly for me—or as importantly, I guess I should say, as a government member now—is not only the expense but the fact that we're not doing the best we can for children and children's aid societies; we're not. There are 9,000 crown wards; 75% of those have access orders and 60% are never accessed. We have it in our plan for the spring. Our intent is to bring forward legislation to change the adoption laws of Ontario so that we can model some of the best practices across North America, where adoption rates increase and where children get what they really need and deserve, and that is a family.

1750

Again, you can dust off any research project from the last 20 or 30 years. It's that lack of intimacy, the lack of connection with a family, the lack of security and the lack of consistency that leads those very same children to go to children's mental health and then go out and move on to youth justice—the crossover kids.

What I have done is set up a children's aid secretariat. We've seconded Bruce Rivers—who, I believe, is still here—the executive director of the Toronto Children's Aid Society, to review the children's aid societies to come up with recommendations on how to, with the children's aid societies, better give the services to children. This report will be due by the end of December. I'm very much looking forward to acting on the recommendations of Mr Rivers and his team.

I'm surprised that you actually had a statistic, Mr Jackson—7% of the mental health patients are children's

aid kids and 93% are not. I actually have a lot of difficulty when I ask for data about children in children's aid societies, so we are also going to address that. We have spent so much money—your government as well, over the last few years—and yet we don't have any outcome data at all on how those kids are doing. I find that an insult not only to those families and children, but also to the taxpayers of the province, when you consider it has grown from \$500 million to almost \$1.2 billion.

So we need to have outcomes, and we will have outcomes. We're going to work toward that very aggressively so that whatever changes we make, we can actually measure and we can actually say, "OK, we're succeeding," or "No, we're not; we have to change," and be very honest and non-partisan about it: "We're not doing it right; we have to change" or "Yes, this is working, but this isn't working."

With respect to supervised access and sexually abused children, I will have to get back to you on that. That does cross over a couple of ministries. I can tell you that I'm just as concerned about these children because, again, as a therapist in this area, those are the children who are scarred the most for life, particularly if it's a parent who is doing the sexual abuse. I'm in total agreement with you: the sooner we can protect those children—we need to do so.

I do understand that your bill has passed and is in—

Mr Jackson: It has been referred to committee.

Hon Mrs Bountrogianni: It's in committee now. I congratulate you for that and for your concern for those children. I knew of your reputation when you were with Big Brothers and Big Sisters, because I had a friend who worked with you. I know you care, and I thank you for that. We can do what we want legislatively and in the House—we're politicians—but if there is any help or assistance you can give me in a non-partisan way, aside from what we need to do as politicians, I'd most welcome it. I'd most welcome expertise of any kind, and yours especially. You have a lot of experience in this.

I think I addressed that the autism funding is not going directly to school boards. I want to talk a little more about that, not so much for children with autism, but the fact that the majority of the human rights complaints about education are about special-needs children and education. So we need to address that in a very systematic way. I am hoping that—and we're re-evaluating this—if this works out and if indeed the children have better outcomes as a result of experts coming to the schools, over and above what the school boards have, then I would like to explore other ways for other groups of children that are having difficulties in the school system.

My most frustrating times as chief psychologist were when children weren't allowed to go to school. I fought. My job was threatened to be taken away from me when I advocated for those kids, only to have apologies two years down the line from the very same people who threatened to fire me, because the kids were doing great with the proper support. So anything we can do to have

those children in school with other children, learning to socialize and learning to the best of their potential, is something that I advocate.

You talked about the gap of the residential treatment centres and how the gap is widening with our past budget. I have met with the sector that you talked about and that you're concerned about, and I do know we need to address their pressures as well.

We are, in fact, reviewing a great deal of this new ministry, and I think that because it's a new ministry, now is the time to do that. Now is the time to say, "Before we put funding to something, let us see how it's working. Is there a discrepancy between the per diem rates? Why? Is the service they are providing the same, with respect to quality? If not, why not? Should we be funding them more? Should we be funding them at a standardized rate? Should we be taking geography into account a little bit more?" These are all things I have heard from my consultations across the province. We need to take a closer look at it.

But I'm very well aware of the excellent services that many of these agencies provide. I've met with them formally, but I have also met with them informally at events and so forth. I know they do good work. There isn't a bias against them. Simply, it was a limited budget. I was one of the fortunate ones who had more money put in my budget. This is where we felt the pressures were the greatest, and that's why we put the money where it was. I guess it's a difference in judgment there.

We haven't talked about youth justice at all, but I'm very excited to have phase 1 and phase 2. We've had a number of accomplishments in youth justice—do I actually have almost 15 minutes?

The Vice-Chair: You actually have five minutes left.

Hon Mrs Bountrogianni: Oh, just five minutes?

The Vice-Chair: Today.

Hon Mrs Bountrogianni: OK.

The Vice-Chair: At 6 o'clock this committee will stand adjourned—

Interjection.

Hon Mrs Bountrogianni: I see 15 there, but I only have five?

The Vice-Chair: That vote will occur after 6 o'clock because it's a 30-minute bell.

Hon Mrs Bountrogianni: Oh, I see.

The Vice-Chair: You'll have your 10 minutes remaining tomorrow at the start of the session after routine proceedings.

Hon Mrs Bountrogianni: Then I'll save the youth justice piece for tomorrow. I'm sure I will have questions on it, if not from Ms Martel, maybe from someone subbing in or from Mr Jackson.

But I'm really proud that phase 1 and phase 2 are together under this ministry. I can be more specific tomorrow or next Wednesday, but the fact remains that many of our children who are in youth justice today are children we saw and either missed or didn't do justice to when they were young. They're children who are in our children's aid societies who were never adopted, or per-

haps they were but the damage was done, unfortunately, or they're children in the mental health field who, for whatever reason, we could not reach. We've reached many over the decades and we've helped many—I was in the profession, and I know we have—together with government and within our organizations and within our families, quite frankly. But there are many more we obviously have not reached: otherwise, we wouldn't have the difficulties we have with some of our young people.

This is an opportunity under this new ministry to have prevention programs in place without going, quite frankly, through the major bureaucratic processes I've learned you have to go through when you cross ministries. Having said that, we have some initiatives for young people in place already, cross-ministerially, for prevention, as well as for addressing some of the youth justice issues.

I really look forward to talking about that, because I think that some of the greatest gains can be made in the prevention of kids going into the youth justice system, as well as helping those who are already there in a more productive way than perhaps we've done in the past.

I'd like to thank you—you can put your hand up when my time's up. I'd like to thank all of you for your questions. Again, we do what we do in a partisan way because we are politicians, but if there's ever, in a non-partisan way, any assistance I can get to make this ministry better and to help kids in a better way in this province, I'd be very happy to hear it from all sectors of the House. Thank you.

Rob Adams will attend tomorrow at 3 pm. This is confirmed, Mr Jackson.

Mr Jackson: I'm sorry. We may have sounded overzealous. Generally, we negotiate the time frame with the person who requested his attendance, and that was Ms Churley.

Hon Mrs Bountrogianni: I'm sorry?

Mr Jackson: Ms Churley had specifically—which is fine. It's not as rigid as that. It's just, when is he available? We want to be able to tell Mr Adams that we only need him for half an hour and then he can get on his way. I think it would be unfair to have him sit here from 3:00 till 6:00 if he only gets one question. We try and accommodate these individuals. Unlike staff who get paid to sit here, he doesn't.

Hon Mrs Bountrogianni: OK.

Mr Jackson: I'm not doing the Chair's job, but then again—

The Vice-Chair: Yes, thank you, Mr Jackson, I think you've clarified that.

Minister, thank you for making the commitment to have the CFSRB appear. To clarify, are you going to use the remaining 10 minutes of your response time tomorrow?

Hon Mrs Bountrogianni: I don't even know the rules. Is that OK?

The Vice-Chair: Yes. You have 10 minutes, and you can use those at the opening.

Hon Mrs Bountrogianni: What's an alternative, if I don't do it that way?

The Vice-Chair: That's it. You would lose it.

Hon Mrs Bountrogianni: OK. Then I'll use it.

The Vice-Chair: At that time, with the will of the committee, we'll go into rotations and start, after your

remarks tomorrow, with Mr Jackson. We'll go to a 20-minute rotation for each of the three parties and then we'll do that consecutively for an hour each time.

This committee stands adjourned until after routine proceedings tomorrow, probably about 3:30.

The committee adjourned at 1800.

CONTENTS

Tuesday 26 October 2004

| | |
|--|-------|
| Ministry of Children and Youth Services | E-277 |
| Hon Marie Bountrogianni, Minister of Children and Youth Services | |
| Ms Jessica Hill, Deputy Minister | |

STANDING COMMITTEE ON ESTIMATES

Chair / Président

Mr Cameron Jackson (Burlington PC)

Vice-Chair / Vice-Président

Mr John O'Toole (Durham PC)

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge L)

Ms Caroline Di Cocco (Sarnia-Lambton L)

Ms Andrea Horwath (Hamilton East / Hamilton-Est ND)

Mr Cameron Jackson (Burlington PC)

Mr Kuldip Kular (Bramalea-Gore-Malton-Springdale L)

Mr Phil McNeely (Ottawa-Orléans L)

Mr John Milloy (Kitchener Centre / Kitchener-Centre L)

Mr John O'Toole (Durham PC)

Mr Jim Wilson (Simcoe-Grey PC)

Substitutions / Membres remplaçants

Ms Judy Marsales (Hamilton West / Hamilton-Ouest L)

Ms Shelley Martel (Nickel Belt ND)

Mr Ernie Parsons (Prince Edward-Hastings L)

Mrs Maria Van Bommel (Lambton-Kent-Middlesex L)

Clerk / Greffier

Mr Trevor Day

Staff / Personnel

Mr David McIver, research officer,
Research and Information Services



E-13

E-13

ISSN 1181-6465

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Wednesday 27 October 2004

Journal des débats (Hansard)

Mercredi 27 octobre 2004

Standing committee on estimates

Ministry of Children
and Youth Services

Comité permanent des budgets des dépenses

Ministère des Services à l'enfance
et à la jeunesse

Chair: Cameron Jackson
Clerk: Trevor Day

Président : Cameron Jackson
Greffier : Trevor Day



Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 27 October 2004

Mercredi 27 octobre 2004

*The committee met at 1537 in room 151.*MINISTRY OF CHILDREN
AND YOUTH SERVICES

The Vice-Chair (Mr John O'Toole): The standing committee on estimates is now in session. At this point in time, the minister still has 10 minutes remaining on her response.

Hon Marie Bountrogianni (Minister of Children and Youth Services, Minister of Citizenship and Immigration): Thank you, Chair. I have a few minutes, and I'd like to talk about youth justice and what we've done to this date.

The youth justice sector was the last part of what I inherited to this new ministry from corrections on April 1. So I'm really pleased we did quite a bit, considering it is the newest part of this new ministry.

The government has introduced four pilot non-residential attendance centres for low-risk, high-need youth in conflict with the law. These pilots provide structured, positive rehabilitative intervention in a community setting with the ultimate goal of reducing reoffending rates.

The government also introduced eight pilot open detention sites, and they were implemented for carefully selected, low-risk youth who benefit from the structure of a custodial setting but who do not pose a significant risk to community safety.

Over the last year, the ministry has facilitated youth justice community partnerships that allow traditional sectors, such as the police, judiciary, youth justice services, and non-traditional, such as community agencies, the public etc, to be drawn together to share information, support the implementation of the federal Youth Criminal Justice Act and devise strategies to address local youth justice challenges.

Two youth units were closed in late 2003-04 as part of an ongoing effort to close all youth units located in adult facilities and move youth in conflict with the law to youth-focused facilities that are separate and apart from the adult system.

In June 2004, the Toronto Youth Assessment Centre was closed, following recommendations from the child advocate and a coroner's inquest jury.

The government has committed \$81 million in funding for the construction of a new, state-of-the-art youth

facility in the greater Toronto area. The facility is scheduled to be operational by fiscal year 2007-08.

A new youth service officer job classification was introduced in directly operated youth justice facilities. Youth caseloads for probation officers have been established and an accommodation plan was created to enable the establishment of youth probation offices who are separate and apart from the adult system.

The custodial transfer payment sector was stabilized through a 5% funding increase to transfer payment agencies providing open custody service to the phase 2 services delivery system and a 3% funding increase to all transfer payment agencies contracted to provide open and secure custodial services. Processes have been implemented to evaluate alignment of youth justice services programs and services with expected positive outcomes for youth in conflict with the law.

We've also ventured into some partnerships with other ministers for more prevention programs. For example, the youth employment program in Toronto this summer was done with Minister Bryant and Minister Kwinter. The analysis has not been completed yet on the outcomes, but anecdotally we can tell you it made a huge difference in those youths' lives. This was something the youths asked for. They basically said, "Keep us occupied. Get us jobs and we won't get into trouble." So I'm very proud of that. And a few other initiatives about child pornography and Internet-luring are on the go as well.

I don't really need to fill 10 minutes. I just wanted to make sure I got that on the record because it's a very important sector of this ministry that sometimes tends to get overlooked. Thank you.

The Vice-Chair: Thank you very much, Minister. At this point in time I would encourage the committee—the tradition has been to go in rotation, 20 minutes per rotation, so each party would get 20 minutes per hour. If that's agreeable to the committee, the normal rotation now would be 20 minutes to the official opposition.

Mr Cameron Jackson (Burlington): Mr Chairman, I understand Mr Adams is here today. As I indicated earlier, it's not our intention to hold him here, but it's been customary just to deal with a few questions we might have, and then, out of courtesy, check with the other two caucuses. Then we can let him get on with his day.

In that vein, I was going to allow Ms Martel to take the starting 20 minutes. She's just gone to get Ms Churley and they can deal with that right away. Then it

will revert back to me and then to the governing party. If you're comfortable with that, that might be the way to begin, although we don't have Ms Churley here at the moment.

The Vice-Chair: I think Ms Martel has gone to get Ms Churley. If that's agreeable to the committee, we'll have a short recess—

Mr Jackson: I don't know that we need to recess.

The Vice-Chair: Well, you'd be using your time.

Mr Jackson: I'm sure the minister would like to provide some further clarity on youth justice, wouldn't you?

All right, I'll put a question on the record then in terms of what statistics your staff in that department of youth justice would have in terms of occupancy rates in both types of settings. If I could highlight that, that will be a question I want to resolve today.

So they're appraised, and if the Chair is comfortable with the committee's direction, we'll yield to the NDP for 20 minutes.

The Vice-Chair: The committee, Ms Churley, has recognized that you would have the lead for the first 20-minute rotation, when you're ready.

Ms Marilyn Churley (Toronto-Danforth): Thank you very much. I actually have a question related to the Child and Family Services Review Board. If I could have the chair called—I believe he's here—I wanted to ask him a few specific questions.

The Vice-Chair: Mr Adams, would you state your name for the record, please.

Mr Robert Adams: Robert Adams.

Ms Churley: Thank you very much, Mr Adams, for coming in. This may be an unusual occurrence for you. Look, somebody's bringing you water.

I just have a couple of questions. I don't need to keep you very long, and I appreciate this opportunity. As you may be aware, I've been working for a number of years now trying to change adoption disclosure laws. I know you and your board—and this is why I ask you specifically—have a unique role in that you're required by law to conduct reviews.

I noted that one of the two areas you are responsible for is the refusal of a director to approve a proposed adoption placement. But more importantly for me, I wanted to ask you about the refusal by a director to disclose information about an adoption. Of course, that's the area that I'm interested in: trying to make changes for more open disclosure. I just wanted to get a sense from you—obviously you can't mention specific names, and I'm not asking you to—of what kinds of cases related to adoption disclosure come before the board.

Mr Adams: Thank you for the question and thank you for having me here. I wish I could be more help, but as the statistics indicate—and that's in the time I've been the part-time Chair, for the last three years—we've had no requests.

Ms Churley: You've had none whatsoever?

Mr Adams: There have been no requests. At the child and family services board, really, the work is around the

safe school appeals and admissions into secure facilities for children.

Ms Churley: Who makes the decisions about who should come before you? This is interesting to me. Because of the work I've done in this area, I get numbers of letters and phone calls from people who for a variety of reasons need disclosure and are turned down. I'm not sure why they don't end up in front of you in that case. What happens to those people when they're turned down?

Mr Adams: It's difficult for me to answer that because we have no contact with those people. We're at the end of the process in terms of an appeal, and they're not even coming to us for information calls. Checking even statistically with the administration staff, there are no calls even for direction or education in this area.

Ms Churley: Could that be because they're not aware that they can appeal to you? I have to be honest, I didn't know until I investigated. As people come to me, trying to find remedies for their situation, I'm looking and trying to find ways to help them. How is information provided to people about their recourse when they are turned down, that they can in fact appeal to you? Can the individual appeal to you?

Mr Adams: An individual can appeal, and most of our appeals are through an individual.

Ms Churley: So I could make the information known to them, that they could in fact appeal before your board?

Mr Adams: You could make the information known to the individual and have them call to make the appeal. That would be very good.

Ms Churley: That's one of the things I wanted to find out, because it's a remedy that I think many in the community aren't aware of. As we try to change the system—I mean, you hear heartbreaking stories, and some of it's health-related, but that's another issue. Your job is to deal with appeals. This is something I can tell individuals who are turned down, that until the legislation is changed, they do have a recourse to go to you.

Mr Adams: They do, and I would be happy to forward to your office our protocol in terms of appeals.

Ms Churley: That would be—

Interjection.

Ms Churley: That was my next question, in fact. Ms Martel is on the ball, as always. I just wanted to get a sense of your waiting list for appeals at this time.

Mr Adams: Well, in terms of that issue, there's obviously no waiting list.

Ms Churley: None?

Mr Adams: It really depends on what type of hearing and application we have in front of us.

Ms Churley: How many people sit on the board?

Mr Adams: Legislated, up to 32. Right now there are 12 part-time members.

Ms Churley: How is it determined? Supposing some people contacted you with adoption disclosure appeals, asking for reviews, would they be put on a list to wait or would a special panel be immediately assigned to them?

Mr Adams: Well, the one thing with the mandate of our board and with our members, we have the privilege

of ensuring that the rights of children in Ontario are looked after in terms of the acts that we're responsible for, and we act very quickly on all applications. In terms of an emergency secure treatment, we have within five days to react; our custody review applications, internally, we have 48 hours to react; our safe schools applications, we're reacting within three days. An application like this—and, quite frankly, we haven't had any—we'd have to look and, within a board, make some protocol to react quickly also.

Ms Churley: Just so I understand, you have priority emergency situations that in your view, after a review, take precedence over the less important, and those then wait for a while? How does it work?

Mr Adams: It's a juggling act. We try to accommodate everyone as quickly as possible. The mandated secure hearings have to take place because children are being locked in a secure facility and they have a right to appeal that. But we juggle very efficiently.

1550

Ms Churley: So, in fact, if the cases come before you at this stage, could you say they would be heard within—what?—a week, a month, days?

Mr Adams: I would say the pre-hearing would be heard within two weeks. That's our target for our safe schools hearings, and it would be the target for the disclosure and adoption placements. Within two weeks we'll have a pre-hearing to determine a full hearing.

We work from a place of trying to resolve the issues before they go to full hearing. We're very successful in the pre-hearing and mediation attempts.

Ms Churley: Just one last question on that then: They could get a pre-hearing in perhaps two weeks and then after hearing the information, you would try and resolve it with the ministry first?

Mr Adams: The ministry would be party to the pre-hearing. They'd be at the table and we'd try to resolve it at the table. If we could not, then it would go to a full hearing.

Ms Churley: Another question just occurred to me. Your mandate is kind of an anomaly in the sense that your mandate is to deal with children's issues. Of course, we're talking mostly about adult adoptees or birth parents who are looking for grown children. Most of the other issues you deal with, I assume from what you said, are directly with children as opposed to adults. So this is a bit of an anomaly in terms of—maybe that's why nobody knew they could go there.

Mr Adams: Yes, and quite frankly, we'll have to go back as a board and review this, because we've had no requests in many years.

Ms Churley: The world's best-kept secret. Not, I'm sure, due to you.

Ms Adams: Unfortunately, a lot of the acts we look after that protect children are kept secrets.

Ms Churley: What do you propose we should do about that so people are aware that you are a recourse they can use?

Mr Adams: One of the things we do as a board is, we're very proactive in ensuring, when we do hearings through all of Ontario, that the workers who represent the children and the children know very clearly what their rights are. We ensure that.

Ms Churley: I really appreciate you taking the time to give me a little bit more information about how your board works.

Mr Adams: You're welcome. I'll be happy to forward some information.

Ms Churley: That would be great. I'll make sure you have my contact information.

The Vice-Chair: At this point in time there are 11 minutes left. In the interests of this deputation, if you have questions or want to rotate it, we'd still allow you to have your 20 minutes if you give up part of it. Does anybody else have questions of this particular—

Mr Jackson: The custom is to see if anybody else has any questions, and then you can dismiss the gentleman and thank him for being here.

I had a quick question. We can just resolve it really quickly.

The Vice-Chair: Go ahead, Mr Jackson.

Mr Jackson: Mr Adams, thank you for being here. You've been there three years now. Where has the growth been in terms of your hearings? I'm interested in your mandate of expulsions from school boards. We have reports before us now that indicate that this is a compounding factor for children's aid societies and children's mental health facilities and that this tougher stance from schools is resulting in community placements. Did you come today with any statistics to confirm what we're being told by the ministry, that there is growth in the fact that these children have to be in a program if they're not in school?

Mr Adams: I have statistics that would indicate that, not only through the safe schools expulsions we see but through the emergency secure treatment admissions we see. In fact, you could correlate the two very easily, because the children we see at an emergency admission have numerous mental health difficulties, and many of those children we see at a safe schools expulsion hearing have numerous mental health difficulties.

Numbers-wise, the safe schools expulsion numbers aren't huge numbers. The first year that the legislation came out they were expecting 200 or 300 hearings. We're only going 10 to 15 hearings a year, as an estimate.

There are numerous calls to our office through the principals, the boards of education and families to try and resolve this. We can estimate that our calls in terms of education information have risen dramatically.

The admissions into emergency secure treatment hearings have risen dramatically also.

Mr Jackson: The reason I wanted to ask about the emergency secure treatment is, I also have a statistic that indicates that the youth facilities are experiencing significant vacancies at the moment. I don't think that the activities of children in the province have changed that

radically, but I think the programs have. I suspected that we would see more children coming to you in higher numbers, if in fact we're not dumping them into Syl Apps and other secure and non-secure residential treatment settings or custodial settings. Other people will talk to me about that through the course of the next two days, but I'm interested in seeing how it's manifesting itself in your appeals. You might wish to even stylize what concerns you might have as someone representing the children on that panel.

Mr Adams: Just so we're clear, the Custody Review Board looks at applications for kids who have young offender charges. They're placed in a secure facility. The emergency treatment placements are kids who have mental health difficulties. So there's quite a difference there.

In terms of the kids placed in emergency treatment facilities, at the hearings we hear, through the evidence, through the children's aid workers, that there's such tremendous pressure on the children's aid workers to ensure that there are other options, because locking up a child is a last-resort option. They may have already attempted to take the child to a schedule 1 mental health unit of a hospital, which isn't a good option. But the numbers definitely indicate a rise.

What we need in the system, though, are options. The kids need concrete options that work. More and more, the kids in front of us are kids who have been on the street for a month or two, who are 12 and 13 years old. These kids don't have options, and it looks like the children's aid workers don't have options.

The one thing I would hope from children's aid offices—they have a pressured job, but they need to ensure that their front-line workers are well trained in terms of knowing the rights of children and knowing how to resource their rights.

One of the issues that we have in terms of our review of residential placements is a little-used, little-known right that children have when they're placed outside their home, to appeal where they're placed. Quite frankly, only individuals that have worked in the social service field for many years know about that act. Newer workers would not know that. So the children won't know their rights.

Mr Jackson: It's a very good point, but one could also extrapolate the notion that if you study a CAS budget, there are actually penalties to place a child in certain custodial situations, and less penalties if they put them into secure custody. There's actually a financial incentive, under budget-pressure times, to do it that way. However, their mandate is to be advocates for the child, and assuming the child is 13, 14, 15 years of age and is performing in a truant fashion, then, in fact, those are rights that should be made known to them. But there's not the incentive. I don't think it's as much an education issue as accepted protocols.

Do you have specific statistics you could share with the committee? Are you reporting anywhere your board's activities to the public, other than directly to the ministry?

Mr Adams: No, we do an annual report that we share with the ministry. Unless the public really asks for information, there's no reported information.

Mr Jackson: So we can ask for that.

Mr Adams: I can forward that to you.

Mr Jackson: The ministry has them for the last few—

Mr Adams: Yes, the ministry's got that.

Mr Jackson: When is your reporting period?

Mr Adams: April to March.

Mr Jackson: Very good. I don't want to take too much more time, but I really do appreciate Mr Adams coming today and being forthright with the issues he's raised.

The Vice-Chair: I'll just leave it this way: Are there any questions on the government side?

Mr Ernie Parsons (Prince Edward-Hastings): No, we're fine.

The Vice-Chair: Thank you very much for appearing before the committee today. It has been most helpful on short notice. I appreciate it very much.

At this point in time, I guess we can go back to Ms Martel. There's 11 minutes remaining on your cycle. Then we'll go back to Mr Jackson.

1600

Ms Shelley Martel (Nickel Belt): Then I would ask some questions on child care. I wanted to begin first with looking at the line items in the estimates. I just want confirmation: The \$9.6 million that was allocated in January was from the first round of multilateral funding from last fiscal year?

Hon Mrs Bountrogianni: Yes it was.

Ms Martel: And it was accelerated to \$58 million for this fiscal year. I'm assuming that all of the \$9.6 million was allocated and was spent?

Hon Mrs Bountrogianni: Yes it was.

Ms Martel: So then my questions come to the \$58 million that was announced. I'd like to get some detailed information if I can about how that money was allocated. I'm not sure if there's someone you want to bring up.

Hon Mrs Bountrogianni: Sure.

The Vice-Chair: State your name.

Ms Trinela Cane: My name is Trinela Cane.

Ms Martel: Let me begin this way: The \$58 million that was announced, has it all been allocated?

Ms Cane: The \$58 million—I would be happy to identify what the various components were for Ms Martel and the larger committee. We've been working with our municipal service providers, our community service managers at the municipal level, to develop service plans on which our 47 community municipal managers have been working with us. My understanding as of this week is that 43 out of 47 plans have been received, and those plans relate to allocations for the \$58.2 million across the province.

The process is as follows: The service plans are reviewed and we identify how much of the allocation can be used by the respective municipalities. Our information from those plans received to date speaks very favourably to progress toward our target of up to 4,000 spaces.

Certainly, in the 43 plans we've received, we are very optimistic in that area around expenditures.

For the residual plans, which we hope to receive by the end of the week, we do a reconciliation against the allocation. If there are additional dollars available, they can be reallocated based on identified needs across the province. So that is the process.

Ms Martel: Let me back up. Was each of the 47 given a target amount that they could potentially spend, and they would have to make a plan in relation to that?

Ms Cane: That's correct.

Ms Martel: So they've been given a target allocation but the plans are just coming in, so the money hasn't gone out the door yet, anywhere?

Ms Cane: No. The plans are being received but the money is ready for allocation based on the results in the approved plans.

Ms Martel: All right. And how long will it take the ministry to approve the plans so that money would actually go out the door?

Ms Cane: Although I can't speak to the specifics of it, my understanding is the plans are already being reviewed and are expected to be approved very shortly.

Ms Martel: OK. Do you have to wait for all of them to be reviewed before the money is going out or, as they are ready and reviewed, is the money starting to flow?

Ms Cane: I'm a little unclear, but I could clarify that information, if that would be helpful.

Ms Martel: Sure.

Ms Cane: Sorry, my colleague Cynthia Lees has confirmed that we wait for all the plans to be received and then the allocations are made. That will be by the end of this week, we hope.

Ms Martel: So could you give me a rough estimate of when we might see some actually money flowing to your partners at the municipal level?

Ms Cynthia Lees: Probably within the next month.

Ms Cane: My colleague Cynthia Lees advises that—

Mr Jackson: We need to get that on the record.

The Vice-Chair: Excuse me. If you would approach the table, please, and state your name for the record.

Ms Lees: Cynthia Lees. We're expecting that all the plans will be in by Friday. Most of the regions have reviewed the plans that have been in. We have about three as of this afternoon that are outstanding. Our intent is to quickly get those plans approved and then start looking at the flowing of the allocation.

Ms Martel: Somebody will correct me if I'm wrong, but if I understand some of the breakdown—and it's the amount that I was interested in—was there a specific commitment that \$30 million of that pot of money would go to wage and fee subsidies?

Ms Cane: Perhaps I can clarify. There was \$20 million intended to stabilize the licensed child care system, and that includes fee subsidies and wage subsidies as well as some resourcing for special needs.

Ms Martel: All right, and was the balance then for the new spaces?

Ms Cane: The balance is actually in two other areas: One is about \$18.8 million to improve capacity for preschool-aged children from two and a half to five years. Our intention in this area is to, to the extent possible, be focused on sites that will be close to schools, in the nearby neighbourhoods of adjacent schools or even in the schools themselves. So that's \$18.8 million focused on that area.

The other \$19.4 million is focused on minor capital improvements. This is a one-time amount of money for capital improvements. It deals with everything from the purchase of equipment to minor capital repairs, which are a significant issue for us, as you will know, and a number of other things that both improve capacity and the quality of the child care environment.

Ms Martel: So the 4,000 new spaces are coming through the line item of the \$18.8 million, essentially?

Ms Cane: Yes.

Ms Martel: You said that as you look at the plans to date, the plans that are coming in show there is that potential and that possibility.

Ms Cane: Yes, that's my understanding.

Ms Martel: How do you deal with the fee and wage subsidies, which are pretty critical in this sector, given the low pay generally, except for the municipal providers? Is that coming through the plans in terms of a set amount of money needed to increase a wage subsidy by 1%, by 2%? How is this being allocated in terms of some kind of wage enhancement for staff?

Ms Cane: Perhaps I could ask my colleague to speak to that.

Ms Lees: We'll have to get back to you on that.

Ms Martel: OK. But you understand where I'm—I'd like to see if this going to result in somebody's pay being increased, and I take it that is—

Ms Cane: That is the intention.

Ms Martel: But that is not related to what they should be getting through proxy pay equity as well, because there is still—what?—another year left in the agreement that was dealt with in court?

Ms Lees: Yes.

Ms Martel: OK. So this is separate and apart and will be additional funding. Will this be added to base?

Ms Cane: Yes.

Ms Martel: OK. So the other \$20 million and the \$18 million are ongoing, the \$19 million is one-time capital, and I don't know what your allocation is for next year, but you'll be doing something different with that \$19 million.

Ms Cane: Yes, we've left ourselves that flexibility.

Ms Martel: Fee subsidies, then. I see what you're doing on wages. What is the change around fee subsidies that is being proposed through this funding? You talked about \$20 million to stabilize, and you referenced both fee subsidies and wage subsidies.

Ms Cane: It's really an increase in the number of fee subsidies that are available to serve the various children and their families.

Ms Martel: How did you do that breakdown? Did you try and assign that by region or are the consolidated providers telling you what their needs will be?

Ms Cane: Yes. We've actually been in intensive discussions and consultations with our providers over quite a period of time, because they have been aware the money is coming through from the federal government. So that's based on discussions with our various municipal providers.

Ms Martel: You will be trying to increase the number of subsidized spaces that can be allocated. Do you have an estimate now of what that number will be, an estimate of the additional fee subsidies you might be able to provide as a result of this funding?

Ms Cane: We certainly hope there will be up to 4,000 new subsidized spaces, and of course there may be well more than 4,000 children who are served as part of that process because they're full- and part-time, before and after school. So the fee subsidies will actually serve a larger number of children than those specifically allocated to individual spaces?

Ms Martel: Sorry, let me make sure that I understand. The 4,000 new spaces you were talking about are 4,000 subsidized spaces.

Ms Cane: That's correct.

Ms Martel: So no change essentially in current per diems, in terms of your ability to help municipalities around per diems for parents who are paying full spaces.

Ms Cane: No change there, no.

Ms Martel: Is it possible—I know you haven't made all the approvals—we can get some indication, when the time is right, about what that breakdown was of fee subsidies? It would clearly be attached then to the 4,000 new spaces and we could get a breakdown of what that was.

Ms Cane: What we're anticipating in that area, yes.

Ms Martel: Sorry, you might have answered this, but was that part of the initial proposal to the managers, that you gave them a set amount of money and they were to tell you how many new spaces that would create?

Ms Cane: It's part of the overall plan at the local level, yes.

Ms Martel: So you would have that now then. Is that public? Can we have that now? If you would have already given that information to them, I'm assuming you're not disclosing anything that's—

1610

Ms Cane: We'd be happy to provide that.

Ms Martel: OK. That would be great.

Let me ask about aboriginal communities. Is there any potential within this money that's been allocated for new spaces in aboriginal communities?

Ms Cane: I'm sorry. I'm looking to my colleague Cynthia Lees in this area. We're a little bit of a tag team, and I apologize for that.

Ms Lees: We'll have to get back to you. I don't have that answer.

Ms Martel: OK. I'll get a copy of the letter and I'll bring it back for the next round of questions, because

we've had some specific questions from one of my First Nations. It looked to me like only existing providers were going to be able to benefit from this round of funding. I want some clarification on that for them as well.

Ms Lees: I'd like to make sure I give you the right answer.

Ms Martel: I would too. Thanks.

The Vice-Chair: Thank you very much, Ms Martel.

Mr Jackson, you have 13 minutes left in your time.

Mr Jackson: Perhaps the deputy could advise me which staff member can discuss the funding breakout and on which page we can follow that in the estimates for children's mental health. Would Ms Cane be the appropriate one?

Ms Jessica Hill: Yes, Trinela Cane would be the appropriate ADM.

Mr Jackson: On which page, Ms Cane, would I be able to follow that? When I read it, I get two different locations.

Ms Cane: I understand it's page 63.

Mr Jackson: Thank you. So we're really going to be on page 65 to look at these numbers.

My first question is, what is the amount of federal funding that is going into children's mental health? Where do I find that in this spreadsheet?

While you're looking that up, for the record, I understand that there are difficulties when you amalgamate ministries. It happened to me three times as a minister. So it's awkward reading these. However, to the best of your ability in finance, you try to show year-over-year changes. That's really what I want to monitor here.

Ms Cane: In my understanding, the federal funding flows through the early childhood development funds that come through to the ministry. The dollar amount is \$6.9 million.

Mr Jackson: For this year?

Ms Cane: Yes.

Mr Jackson: Why have those dollars been shrinking? Does your ministry determine the allocation federally as to where the monies are allocated?

Ms Cane: We have an annual plan that's developed for the ECD funds. The ministry works according to that plan and also, as we're proceeding through the actual fiscal year, makes decisions around allocations that we know are not going to be expended in some of these areas.

Mr Jackson: Well, in 2002 you were using those federal transfer dollars to the tune of about \$12.8 million. They have now shrunk to \$6.6 million. The total allocation from the feds has increased.

I guess this is a formal request: Can we get a breakdown for the last three, or I'd say four, years, because the amount of money from the federal government is growing? My interest is to determine what decisions the government is making—your ministry is making—with respect to where the allocations go.

Ms Martel is tracking in her questions where the federal money is going in daycare. I'd like to track where it's going in children's mental health, because I had a

suspicion that the amount allocated was actually shrinking, and that wasn't the federal government's fault. They have increased the amount of money rather substantially, so could I request a breakout of those dollars, because in these estimates they're not clear?

Ms Cane: Yes, and I have some additional information that's been provided to me. Perhaps we could also give this to you in writing so that you have it before you. The information we have is part of the overall ECD plan. The children's mental health line for 2003-04 accounts for, in the range of, on average, \$15 million, with actual expenditures in the range of about \$13 million. Our plan going forward allows \$15 million in that area.

Mr Jackson: I'm looking on page 65, and I'm seeing a 49% reduction in services under children's mental health.

Ms Cane: We'd be happy to provide the information. I don't have it with me at this moment in the format that you've requested.

Mr Jackson: You see where my concerns are now starting to get a little more focused because, as I've asked the minister, we've got concerns about the explosion in CAS budgets, however the minister wishes to articulate it in terms of where the priorities in wrestling deficits will be, and yet we have a reduction in placement in our secure and non-secure custodial facilities for children. It seems that the bottom of the funnel is always children's mental health, and yet I'm not seeing that kind of program expansion. So I have some concerns about that.

Let me ask a few more direct questions. The first one: Are there any multi-year plans being considered for sustainable funding for this sector? You've only announced this one-year funding allocation for the children's mental health sector, correct?

Ms Cane: If I could just clarify: Are you referring to the 2004 budget initiative?

Mr Jackson: Yes.

Ms Cane: Yes. That allowed for \$25 million in the first year of expenditure for children's mental health. That grows in the second year to \$38 million, and that's part of the annualized base for children's mental health thereafter. We do it as a base increase.

Mr Jackson: And it'll rise to \$38 million in year two?

Ms Cane: That's correct, and it will—

Mr Jackson: And it will be a permanent part of their base.

Ms Cane: That is correct, and that's a permanent part of our ministry base from here on in.

Mr Jackson: OK, and that fulfills one of the promises made by the government. It's close enough to \$40 million. It was supposed to be community mental health services for children. The minister would be familiar with that.

Hon Mrs Bountrogianni: Thank you, Mr Jackson. I just want to clarify for the committee that this is not ECD money; this is provincial money, this \$25 million growing to \$38 million.

Mr Jackson: OK. How much were we spending on children's mental health two years ago, and how much are we spending this year?

Ms Cane: This year we're budgeted to spend \$388 million. That reflects the difference between the prior-to budget announcement, the \$25 million that was added to our base, and what we had spent in previous years. So \$388 million is our budgeted amount for 2004-05 in the area of children's mental health.

Mr Jackson: OK. Minister, are we considering any—maybe I should just go to children's mental health in the standing committee on public accounts report, whereupon they have asked your ministry to come forward with several responses. Have you prepared your response to the report? It's not quite 120 days, I think, from when it was tabled in June.

Ms Cane: If I could comment, our report is due in the third week of November, and we're currently preparing that document as we speak.

1620

Mr Jackson: OK. There were some compelling concerns raised in that report, as you are no doubt aware, and a lot of that had to do with accountability mechanisms and a concern about funding in the autism strategy. My colleague and I are both going to come back to autism, if not today, again. But I want to stay with mental health at the moment.

Can you at least share with the committee today what progress has been made with the intake assessment tool and performance measures that were deemed not to be in place and the degree to which that, as I understand it, is a preliminary step?

Ms Cane: Yes. I'd be happy to respond. With respect to the assessment tools that you made reference to, there are two assessment tools. One is called CAFAS—you're certainly familiar with that, as I'm aware—and BCFPI is the second tool. One of those tools relates to more of an intake tool and the other measures progress over time in individual case files. Both of those sets of tools, as promised, have been implemented on a mandatory basis across the province, so they are currently in place.

We continue to work on the area of performance measures and outcome measures with the Hospital for Sick Children and Children's Mental Health Ontario. We are not only looking at the outcome measures that need to be tabulated; we're also now in a position of beginning to have aggregate data at the provincial level from the various local systems that are tracking these various tools. Within the next couple of months we're going to be in an excellent position to have, for the first time, provincial aggregate data available.

Those have been implemented on a mandatory basis across the province. There are a couple of areas where they have not yet been implemented, and that relates largely to the lack of availability of the tool in French, which is something that's currently being worked on.

Mr Jackson: All right. The second issue was the one around waiting lists and securing. At the time that your ministry presented before the committee, you indicated that in some areas you were already keeping reliable data on waiting lists. In fact, some of it found its way into the body of the report. What progress have you made on

waiting lists, and which waiting lists can you share with this committee?

Ms Cane: I will have to verify which waiting lists we can in fact share. My understanding of the situation is that waiting lists are tracked at the local community level by the various agencies themselves. As you appreciate, there are a number of concerns and problems with waiting lists which I don't think I need to go into for the committee, but I think at this point in time we do not have a provincial overview of the children on various wait lists. We have estimates that come from some of our local information that are in the range of about 7,000 children.

Mr Jackson: Fair enough.

The Vice-Chair: The time has expired. I would have interrupted—we'll now I'll move to the government side.

Mr Phil McNeely (Ottawa-Orléans): Minister, I was just looking at the number of children in the care of children's aid societies. It's about 19,000. I read one of the reports—I don't know which one—but it followed up with a conversation with a young lawyer in family practice in my riding. I was quite interested in the points she made, and I'll just go through them:

"In order to permit an adoption to take place where the child has been involuntarily removed from parental custody, all contact with the birth parent(s) must be severed under current regulations.

"Under the Child and Family Services Act, adoption with access in these kinds of situations is impossible—not an option." She feels it's all or nothing.

Susan "believes that the legislation does not reflect either the reality of what is happening in these situations, nor does it reflect the best interests of the child or the system."

She says, "Currently, many agreements are being made on the side between birth and adoptive parents to continue contact in some ... way, shape or form." She said it doesn't have to be much; it can be a few e-mails a year or the exchange of photos.

She felt that a lot of children could be put with adoptive parents if there were a little bit more leeway on that. I'd just like to know what your feelings are on that.

Hon Mrs Bountrogianni: One of my first round tables when I took over this ministry was on adoption, because I was appalled at the statistics as well. Just to reiterate them, there are approximately 9,000 crown wards; 75% of them have access orders, and 60% of those access orders are never accessed. We have 60% of the 75% of the 9,000 children who probably could be adopted, maybe should be—there are always individual differences—but they don't even have the chance of being adopted under our present laws in Ontario.

We are looking at other jurisdictions, and our intent is to introduce legislation in the spring to address this. We've looked at the research. Part of the round table were young people who were former child welfare wards, children's aid wards, who said, "Yes, we definitely needed to be away from our birth parents. It was not in our best interests to be there, but we still wanted to have

contact of some sort. That would not have disturbed our upbringing or our future."

There are always individual differences in cases, so I'm not going to say, blanket—the best interest of each individual case has to be looked at, and that is left up to the courts. But right now, our legislation doesn't allow or doesn't have the flexibility of having some contact with the birth parents immediately, so that adoption can occur. I can tell you, not only as a psychologist but as a parent, if, by the grace of God, something happened to me and I was not deemed to be a good parent and my child was taken away, still, as a parent, it would be very difficult for me to sever the ties with my child, even if it's in the best interests of the child. Every parent wants to have contact and can't stand the idea of never hearing or seeing their child again, regardless of the circumstances. That's human nature.

From the children's point of view, interestingly enough, most children, even those who don't want to be with their parents, also do not want to sever those ties. Again, as a professional before I got into politics, I have to always say that there are individual differences in every sector. There are some children who should never, ever hear from their parents and some parents who should never, ever go near their children—for sure. But in the majority of cases, I'm not convinced that that's true, and other jurisdictions have gotten more flexible in their adoption laws to allow for this.

We're working very carefully and cautiously, though, because we don't want to do anything impulsively with intentions to help a child get adopted and then have that child be in a worse situation than he or she is in now. It's a very sensitive issue, and we have to proceed carefully.

This is part of Mr Rivers' terms of reference. He is the gentleman we seconded from Toronto Children's Aid to look at all of the child welfare sector, including adoption. We will be bringing forward options in the future on the government side and then to the people of Ontario. But I hear those stories every day, too. It's not black and white. If it was black and white, we would have already done it. We have to proceed carefully in the best interests of children.

Mr McNeely: I think you made most of the points that she made, but she said:

"(1) It is often in the ... interests of children to maintain contact with their birth parents;

"(2) Older children cannot simply 'forget' that they had another family before;

"(3) Zero access to birth parents may lead older children to idealize the absentee parents, creating behavioural issues and problems within the adoptive family;

"(4) Access to the parents means that the children grow up with greater knowledge of their parents and situations, giving them the opportunity to adjust to their new situation while not denying their family heritage."

She's been practising, and these are the things she says. She feels that there can be more successful adoptions and that they are occurring through agreements that are not approved under the legislation.

I think you've covered most of the issues. The agreements are being made, and she feels they're being successful.

Hon Mrs Bountrogianni: Actually, if this lawyer would like to contact Bruce, who is still receiving consultations and advice, that would be very much appreciated.

Mr Kuldip Kular (Bramalea-Gore-Malton-Springdale): Minister, thank you very much for taking some time out for us today. First of all, I commend your efforts as Minister of Children and Youth Services. As you know, I am a family doctor and, prior to moving to Brampton, I used to be a physician working in a youth and adult addiction centre. I used to see a lot of youth who were having some conflict with the law, and now in my own riding of Bramalea-Gore-Malton-Springdale and in Brampton.

Last year, you closed a youth assessment centre in Toronto. When you announced a greater Toronto area centre for Brampton, there was a lot of controversy about it. I know there were coroner's jury recommendations on this one. I am wondering why you didn't follow the jury's recommendations and make some small centres for youth. Can you comment on that?

1630

Hon Mrs Bountrogianni: I'm happy to comment on that. First of all, we did follow the jury's recommendations. The one that we did compromise on was having fewer smaller areas and having one centre. Consultations were held with the municipality and the former government three years ago, so this wasn't something that was new or a surprise to the community, and it was accepted by the community three years ago.

Initially, it was for 300 youth. We've reduced the number of youth to 247. If you look at the architectural drawings of what we are going to be developing, they actually capture the recommendations of the coroner's jury. They're small units so that there will be more communication and contact with the youth workers. As well, there will be more visibility, because it will be a state-of-the-art centre, so we can avoid some of the tragedies of the past where children and youth were not seen and therefore were able to do damage to themselves and others, and of course we know the tragedies of suicide.

As well, we need to attract a critical mass of professionals, and it's a lot easier to do it when you have a centre like the one we are developing in Brampton.

The males and females will be separated. We also took that into account. With respect to the programming that will occur there, we have taken the jury's recommendations into account as well.

With respect to the centre that we closed at the end of June—and there is some inconvenience to youth and their families until this new one is built, but we felt we had to close it. I did a visit there and I was actually ashamed, not even as a politician but as a Canadian, that this facility existed for youth. It was shameful that we put youth there. We had to close it, not only because the coroner recommended it, but because there were more

accidents and more suicides waiting to happen. I'm convinced of that. It was just not conducive to appropriate programming. It wasn't conducive to any kind of relationship between the youth and the corrections officers. I would say there was no programming. The classroom was in a washroom. I'm assuming the workers did their best with what they had, but that was not good enough.

It was an atmosphere that, quite seriously, no human being should be in, never mind children and youth who, by the law of the land—and I happen to believe in the law of the land in this case—deserve a second chance, deserve the chance to be rehabilitated. Therefore, the onus is on us to ensure that they have every chance they can possibly have to be rehabilitated, because they will be out again. They are not there for life. They are there for a few years, and we have to program for them and rehabilitate them. Indeed, that's what the research shows and that's what common sense tells us as well.

Mr Parsons: First of all, I want to commend the children's aid societies for their work. In 18 years of fostering, our family has never fostered a child who didn't belong in care. I think their standards are excellent. But I watch with concern the media reports of ever-increasing deficits across the province and I wonder what your plans are to deal with CAS deficits.

Hon Mrs Bountrogianni: As I've said publicly, this is a growing budget without the outcomes to show us and to show the taxpayer that indeed this huge increase in costs is actually resulting in better outcomes for children. We have a few hints at perhaps better outcomes for children in that the majority of cases do not lead to taking the child away. They actually lead to mediation and counselling with families so that the child is not taken away.

Again, this is on the public record. We have reviewed a specific children's aid society—I don't think it's important which one it is—and we did have some concerns with that particular children's aid society. We made recommendations to streamline the efforts of that particular society, and they're acting on those recommendations. We keep monitoring that.

If that society is representative of all of the societies, or of most of the societies, then we do have a problem in how we are running our children's aid societies. This is not a secret; the children's aid societies themselves have talked to me about this and have said that the funding formula is conducive to increased deficits because it's funded on the number of children you take away. Therefore, you know that if you want to hire more staff or do different things, you've got to take away more kids. It's not as blatant as that; no one has actually admitted or said, "We're taking kids away to increase our budgets," but they have said that the funding formula is not conducive to other results. We are definitely looking at that. That's why we have a child welfare secretariat. Again, Bruce from the Children's Aid Society of Toronto is seconded to give me recommendations. My understanding is that I will receive his report at the end of December, and the intent is to present the report in the

new year to the people of Ontario and to act on it immediately.

Mr Parsons: I think you said, but just to confirm, that you're in fact, then, looking at a different funding formula?

Hon Mrs Bountrogianni: Absolutely.

The Vice-Chair: There's still about six minutes.

Hon Mrs Bountrogianni: Could I just add something to that, then, if there is time?

The Vice-Chair: Certainly. You have six minutes.

Hon Mrs Bountrogianni: Again, this isn't a black-and-white one, where you can just say we're going to cap everything and we're going to—it's about the lives of children and protection of children. So again, we don't want to do anything impulsive that may lead to tragedy. I think it's worth the time we're taking to review this and to do it properly. Yes, the taxpayers have rights, but we don't want to do anything to increase child protection disasters.

Mr Parsons: A second question, then: There are increasing numbers of children in care, and for some, adoption would be very difficult, to locate an ideal adoptive couple. So there are significant numbers that will spend, potentially, their ages under 18 within CAS care, and yet I think, for them, they want some stability in their life. It's not that they're potentially moved from foster home to foster home, and that doesn't happen all that often, is my sense, but they're looking for stability. I guess the phrase that would capture it is "permanency planning." There is adoption, but there's another area which is just saying we can provide some stability, perhaps in a long-term foster home, perhaps whatever. Is your ministry looking at that to address the needs of these—

Hon Mrs Bountrogianni: That's exactly one of the terms of reference, exactly something I'm asking the head of the secretariat to look at, is permanency planning; absolutely, yes. I'm looking forward to presenting that report to you in the new year.

Mr Parsons: Good.

The Vice-Chair: Any further questions? You still have a couple of minutes left—five minutes.

Mr Kular: Minister, I just want to ask you one question about the federal funding. How much money is the federal government going to give to the province to deal with children's services?

Hon Mrs Bountrogianni: Children's services or child care?

Mr Kular: Child care.

Hon Mrs Bountrogianni: Child care. The new monies?

Mr Kular: Yes.

Hon Mrs Bountrogianni: I will have a better handle on that, I hope, after Monday or Tuesday of next week, which is the federal-provincial-territorial meeting. At present, it's \$58 million and growing, with the multi-lateral framework, but, as you know, in the election and since the election, the federal government has said \$5 billion over five years to Canada. If you pro-rate that to what Ontario would ordinarily get under similar

formulas for other sectors, I'm hoping for—but nothing's been said or written to me—up to \$400 million a year. I'm there on Monday and Tuesday asking that we get the money sooner rather than later. We have a huge need in this province, and the OECD report shows that Canada is indeed lagging behind—not just Ontario, but Canada is lagging behind—in child care with respect to accessibility, universality and so forth. I think we have to get on with this; we're behind.

Mr Kular: In your statement yesterday, you said there will be some new child care spaces created. Is it the 4,000 new child care spaces, or is it including the previous ones as well?

Hon Mrs Bountrogianni: No. The \$58 million, Dr Kular, is going to go toward—the goal is 4,000 new spaces.

Mr Kular: Thank you, Minister.

Mr Parsons: How are we doing for time?

The Vice-Chair: We still have two minutes—four minutes, actually.

Mr Parsons: It's a six-minute question, though.

Representing a rural community, there is great difficulty—an issue is child care spaces: access to them and transportation for them. It is such a profoundly different environment than in an urban area. I'm wondering if your ministry has given any consideration to improving accessibility for parents who live in a remote or a rural area.

Hon Mrs Bountrogianni: Absolutely. I've travelled to the north, actually, five times and to rural areas as well. They have unique needs, so a top-down approach is not going to work for those areas. We're working very closely in the development of our Best Start plan with those areas, with our regional offices and with the municipal boards that administer child care, both in the north, in the rural areas, and in the south.

Again, something that makes a lot of sense to me in, say, Hamilton Mountain or downtown Hamilton does not make sense in many parts of the province. We will definitely have flexibility built into our Best Start plan.

The Vice-Chair: Great. With that, this committee will stand recessed till after the vote.

The committee recessed from 1640 to 1655.

The Vice-Chair: The standing committee on estimates will reconvene. At this point in time, I'd like to recognize Mr Jackson, the official opposition.

Mr Jackson: Perhaps I could ask for Trinela Cane to come back.

I wasn't going to make you interfere with that call, Minister.

Hon Mrs Bountrogianni: Sorry. I told my son I'd call him, because I'll be late, that's all—again.

Mr Jackson: I recognize the activity, all too frequently, I'm afraid.

Minister, I asked earlier if you were considering any child protection legislation that would further entrench access to children's mental health services. When one looks at the mandate for citizens under various health acts, their rights to access are enshrined. But it would seem not to be able to do that for children unless they're

narrowly defined in terms of abuse. But we're not doing anything, as I understand it, for children's mental health in terms of enshrining it in legislation.

Just a simple question: Are you planning or anticipating anything that would amend the CFSA in order to enshrine children's mental health services as a protected service for them?

Hon Mrs Bountrogianni: We, as you know, will be reviewing the act next year as part of the mandate that it be reviewed every few years. To date, we have not had discussions in that vein, but under the review of the act—obviously, we want to strengthen the act. We also want to strengthen the rights of children. As you know, the Canada Health Act now doesn't have children's mental health as a mandated act, and that has been brought to my attention by constituents as well. We will be looking at a great number of things when we're reviewing that act. So I will take that under advisement.

Mr Jackson: It's a concern to many of us that your government has committed \$185 million in new funding for adult mental health services. There are some protections for adults, but there aren't for children. The funding that's going into children's mental health is essentially bump funding to support salaries to stop staff leakages, and I understand that. However, there's growing evidence that pressure in the system is mounting in the mental health sector and that it can no longer sustain changes in the children in secure custody—which are in decline, and I'll want to come to that in a moment—children's aid societies, which are carrying much larger caseloads and requiring community supports in increasing numbers, and the strain that that's putting on the residential centres in our province for children in need of treatment.

I'm concerned that, even in the report that I referenced earlier, the children's mental health services review talked extensively about inappropriate placement for children, not only in terms of expense but in terms of appropriate care.

1700

Given the fact that our children's mental health services are probably the best value and they are reaching the largest number of children over, arguably, numbers that are significantly larger than what CASs are actually even dealing with, those costs can be an average of about \$3,000 a year, whereas a CAS residential care setting is about \$100,000 a year on average. The sector I'm concerned about is that a hospital placement for these children is \$1,200 a day.

I am concerned that these limited beds are shrinking in the province. They're shrinking because they're the first programs that seem to be cut in hospitals. They did that in Burlington so long ago. I think it was about 17 years ago they cut those beds and now we just have them at Oakville-Trafalgar. But 10 beds, \$1,200 a day—you'd be hard pressed to find any more than three and a half or four staff in there. It's extremely expensive, and yet these programs are not protected services.

My question to you is, what are you doing to protect your sector from the practice, which has occurred in the

past and is continuing to occur, of putting these limited beds at risk? The Health Services Restructuring Commission actually brought into focus the fact that we needed more of them and recommended additional beds. We are now starting to see hospitals cancelling them—and I don't want to embarrass hospitals that are making these decisions.

I'm anxious to hear from you what your strategies are because I don't think the children's mental health sector can take another hit. When I refer to that, I'm referring to, in effect, squeezing a balloon, and there's just so many places that can take the pressure that's being built up when CASs are consuming so much money, when the custodial system is, I'm told, as high as 60% vacancy in some facilities. These kids are somewhere in the system.

Perhaps you might give us some assurances that you (a) have a handle on this, (b) may be formulating some strategies to protect these children and (c) have had conversations with the Minister of Health to underscore the importance of this because, I don't need an expert to come into my hospital regionally or into your community of Hamilton and say, "You know what? You should do what we did. We're a peer group. We cancelled ours. There are all sorts of programs in the community. They'll find them; don't worry. It's children's mental health. It's not a protected service." I don't want that to be the benchmark of how we're going to balance our budgets. I'm not making this political; this is a very serious concern of mine in terms of where we're placing our children.

I can tell you, I've got 15 to 18 cases right now in my riding. I know where every one of those children is, I know why they're there and where they should have been. Please help me to understand how we're going to protect them.

Hon Mrs Bountrogianni: Actually, thank you. You really have summarized very well what I've been hearing, but also what I lived through in my profession before I came here in 1999, and still do as a constituency MPP. There are still challenges.

Just let me recap what we've done and then what we're going to do. This \$25 million isn't going to solve all the problems, but it was the first major increase in base funding in a long time. You mentioned yesterday, Mr Jackson, that you did give an increase in 2000 of 1% and then 1.5% in 2001. That was \$2.2 million and \$3.3 million respectively. Any money is great. I acknowledge that \$25 million isn't going to solve all the problems, but it is a significant increase from the base funding of the past, and this \$25 million will grow to \$38 million.

You are correct that \$13 million of that money goes to wage increases. You gave the greatest arguments yourselves yesterday that we're losing really good people from that sector because of wages to go to school boards etc. So we felt we had to do that. But the other \$12 million is used at community planning tables across the province for better integration and increase of services. So almost half that money is going to services.

Mr Jackson: I'm sorry to interrupt you—

Hon Mrs Bountrogianni: If I finish, it might be—

Mr Jackson: You can finish, but the point I made yesterday was, and you concurred with that on the record—if you're changing the record today, fine, but those are planning cycles. This is not added care. It may lead to added care.

Hon Mrs Bountrogianni: No, I didn't confirm that yesterday. If I misinterpreted what you asked, I'm sorry. This is planning and increase in services—both.

Mr Jackson: So how much is planning and how much is increased service?

The Vice-Chair: Let's let the minister respond, please.

Hon Mrs Bountrogianni: The plans are with us now. We will be happy to let you know once we know all of the plans.

There's a reason behind this, Mr Jackson. It's not just to increase services. It's to better coordinate services as well. We feel we can add more and better services to children if there's more coordination. We have a lot of best practices across the province where, when the school board, the children's aid society, children's mental health, family physicians and parents and families work together, the same amount of resources goes further and you increase services to kids when there isn't overlap or duplication.

I can tell you from my experience that even though we have screening processes at the board of education in Hamilton, a number of times per year my staff would come to me and say, "Well, as soon as I started seeing this child—I've seen these items before, a couple of weeks ago." Parents are on different waiting lists. There are efficiencies that can be found with better planning, which will lead to increased services.

I lived it; I know it. I was part of the problem, I suppose, because I was having my staff out there testing kids who were already tested. So we have to find those efficiencies.

I'm going to ask my deputy now to go into a little more detail to clarify what I said yesterday and today.

Ms Hill: To clarify how the money was allocated, we gave an allocation for each region to do their planning. The planning dollars were only to be a very small amount to hire a facilitator for a short period of time. The community was brought together and asked to submit a proposal in essentially a six-week time frame, so the planning cycle we're talking about is very short.

The reason we identified a small amount of money for that was so that—the members of the community in the tables have been very large. It includes membership from school boards, hospitals, youth justice organizations and the community mental health sector who are coming together to identify gaps to invest the additional \$12 million plus make plans for how that will grow, into next year, to \$25 million.

So the planning amount is very small. We can certainly provide that to you but it is really to hire a facilitator for a one-month period.

Mr Jackson: Fair enough. But in the two areas that I've talked to where this is occurring, the concern is that certain treatment organizations who were sitting around

that table have an equal vote to the one vote for children's mental health, so they're getting outvoted, from what I'm hearing anecdotally.

It's unfair to prejudge the process. I get that. I'm simply saying that the vulnerable piece of this puzzle is still vulnerable under that process. We're not prioritizing this system. We're not triaging the system. We are simply saying we've got a problem with CASs that has to be wrestled under control. We've got our youth justice system undercapacitated, which means the kids are overcapacitated somewhere else, because I don't think a whole cohort of young people in this province all of a sudden has become that much better in our youth justice system. They're out there; they're somewhere. That's my concern here. This is a lot of dollars. If you compare it year over year, it's not a lot of dollars to address the problem I'm trying to isolate and get to.

Anyway, the short answer, Minister: You haven't talked to the Minister of Health about the concern of protecting these beds, or have you advocated to put them on the protected list?

Hon Mrs Bountrogianni: Specifically, that point has not been made by me to the Minister of Health. But I can tell you I have had conversations about children's mental health in general with him, because the hospitals are still his responsibility, including the children in the hospitals. He's a minister who is completely devoted to the mental health sector of his ministry. I think he has shown that.

Mr Jackson: I'm not challenging where the minister stands. He has a protected list and they're not on it at the moment. I'm not questioning his empathy. I'm asking if you have formally asked that these be protected services. That's all I'm asking you. There are not a lot of in-hospital services who—you have carriage of your children in this province—that receiving those services directly. This is one, in my view, that's going to be called upon increasingly.

I had to move to a question with respect to the numbers of children who may be in secure and non-secure custody. Who can speak to that—I think it's on page 71 in the estimates book—in terms of the dollar expenditure? But I'm really looking at your occupancy rates. If we look at page 70, we will see a trend line from 2002-03, 2003-04, and you would have six months' statistics in which to share with this committee, in terms of your quarterly reporting. You have two quarters already in the possession of your ministry. I am told that there are reductions in some parts of the province as high as 60%.

1710

Hon Mrs Bountrogianni: I will introduce Deb Newman, my ADM in that sector.

Ms Deborah Newman: Thank you, Minister. Mr Jackson, you're right that we've seen a significant decrease in the use of secure and open custody in this province, as in every province of Canada, since the implementation of the new Youth Criminal Justice Act on April 1, 2003.

In this province we have our secure custody beds still divided, by age, into phase one and phase two. In the phase one system in secure custody for 12- to 15-year-old

youth, there's a utilization rate currently of 46%. So we have seen probably the most significant decline in secure custody in that sector.

In the 16- and 17-year-old group of youth in secure custody, our utilization rate is 71%. So overall there has been a significant decline in the use of secure custody beds, which of course is consistent with the intent of the legislation with the Youth Criminal Justice Act.

In the open custody sector, the reduction has been even more dramatic in the sense that overall we're running at about a 40% utilization of the open custody beds in the system. That actually has led us, in the open custody sector—in July we closed 17 open custody residences as a result of the utilization rates.

Your observation that these kids haven't just disappeared is quite right. What we're trying to do is reposition our service delivery system now from one that has been very much a custody-focused system in this province to one that is much more community-based and provides the judiciary with some alternatives to custody and a range of evidence-based programs that we know will lead to more positive outcomes for kids.

Mr Jackson: Thank you, Ms Newman. I wonder if I can request that the spreadsheet statistics on page 70 be updated in all aspects for, say, the last three or four years so we could look at the trend line.

I'm very pleased that you've underscored the notion of custodial versus activation programming and so on, but I think you've just made the point I've been trying to make here, that these kids are somewhere in this system. There are still many not allowed in school because of their conduct and behaviour and they are being picked up. In your opinion, which sector is picking these children up? I don't think it's the CAS; I think it's children's mental health services with some uncustodial supervision.

Ms Newman: We really don't have any data with respect to what's happening with these kids or where they're ending up, frankly. A number of them are being diverted, again, consistent with the intention of the legislation, so the police, rather than charging young persons, may be diverting them, from as simple a means of bringing them home to face the music with their parents to having them write a letter of apology to someone they wronged, depending on the seriousness, obviously, of their offending behaviour. In more serious cases, this is where we really have to make an investment in community-based programs so that there are meaningful alternatives to custody available for these youth.

Mr Jackson: I couldn't agree with you more. I'm just trying to see where we're finding the investment in meaningful community-based programs when our pre-eminent investment is bump funding for salaries. That is OK, but we have packaged off addressing these pressures and we seem to not have this on the radar screen in terms of where the new pressures are.

I don't need to go through the list. I've four-cornered it for this committee in terms of where the pressures are, and the receptacle of all of this is children's mental health services. They are under immense—it's not the school boards; the school boards can fire a kid out of the

school. Early school leave programs are dumping thousands and thousands of children out of school every year in this province. I use to chair one of the committees.

My concern is, how are we getting this on the radar screen? In fact, what we're doing is bumping back on prioritizing waiting lists. We're bumping back kids who have mild problems because there is no receptacle for kids with severe problems, other than to take them into a children's mental health treatment and beg to have an assessment done and have a program directed for them.

If we could get the update on those statistics, that would be very helpful.

Perhaps I could ask a policy question to the minister.

The Vice-Chair: Allow them to respond, because your time is up. Very briefly, Ms Newman, Minister or one of the—

Hon Mrs Bountrogianni: I just don't want the committee to think we're not working on community plans for these kids, so I'd like Deb Newman to talk about them.

Ms Newman: I'd be happy to. We have in fact made some early investments in programs for these young people who are in conflict with the law.

We have introduced five attendance programs across the province where youth can be sent in their communities and ordered to attend by the judiciary or referred by their probation officers, for example, where they will take part in a supervised program that really deals with those risk factors that cause each kid to get into trouble with the law. Those factors are different for every youth, of course, whether it's an issue around alcohol or drug abuse, anger management or criminal thinking. So these programs are now active in five locations across the province, and we have done an evaluation of one of those programs to date, which is very promising in terms of having positive outcomes and being very well aligned with what we know works to reduce reoffending for youth.

We also have eight additional programs that we've instituted across the province to place kids in open detention; again, carefully selected youth who have been diverted from secure detention. They're being housed in an open detention setting and are receiving appropriate clinical programming and support.

We have in fact made a number of investments to date.

The Vice-Chair: Mr Jackson has asked for copies of the reports you're making reference to with respect to these five pilots.

Ms Newman: There is one report. There is one evaluation. We'd certainly be happy to—

The Vice-Chair: Thank you very much. This committee will stand recessed until after the vote.

The committee recessed from 1718 to 1731.

The Chair (Mr Cameron Jackson): This committee is reconvened. The Chair recognizes Ms Martel for her rotation.

Ms Martel: Let me return to some questions on child care. The last question I had was concerning what

funding might be available from the \$58 million for new capacity, specifically related to First Nations. I wonder if I can get an answer as to whether or not any of the \$58 million will be for new spaces that might be on-reserve.

Hon Mrs Bountrogianni: Trinela?

Ms Cane: My understanding is that none of the \$58.2 million is dedicated to child care services on-reserve. It will, however, serve native children in the broader communities off-reserve. Our understanding, also, is that the federal government has allocated \$35 million in new child care funding as of last year and, subsequently in the throne speech this year, it also identified an additional \$10 million that will flow to the various reserves. My understanding is that this money has not yet been flowed, but that planning is underway.

Ms Martel: It looks like our dilemma is that the target seems to be existing centres on-reserve. So those First Nations who are trying to establish a new child care centre for the first time are not having much luck accessing funding anywhere. That is certainly the particular proposal I was trying to deal with.

When I met with one of my First Nations, Whitefish Lake First Nation, in mid-September, they had had a meeting with Mr MacKinnon, a ministry staff person out of the Sault Ste Marie office, and had asked him the question about the \$58 million and whether that included new spaces on-reserve. He was not able to answer them at that time, at that meeting. So I did a letter to the minister on September 30. The chief and council have asked specifically for a meeting with you, Minister, to outline their proposal. I am prepared to tell them that, in this round of \$58 million, their application would not, of course, be considered. But in the near future, if you can have a meeting with them, I think it would be important. If there are going to be some other rounds of funding, at some point there will have to be an allocation of new money for new spaces if this proposal and other First Nations like them, who are trying to establish a child care centre for the first time, are ever going to be able to get consideration. They're very frustrated by the federal process right now as well.

Hon Mrs Bountrogianni: Ms Martel, I'd be happy to meet with them. As well, I'd be happy to bring up that item on Monday and Tuesday in Ottawa.

Ms Martel: That would be great, because this seems to be the problem that they are facing.

I did want to ask, then, some specific questions about the Best Start program, particularly the funding commitments that were made, that were attached to it. As I read the information on the Best Start program, it says, "Second, we will reprioritize spending of the early childhood development accord. We will spend the majority of that money supporting and expanding Ontario's current system of regulated child care."

However, I look at the funding allocation for 2004-05 for the ECDI money in Ontario, and I don't see any allocation for child care for the fiscal year April 1, 2004 to March 31, 2005. So it appears that, of the \$194.2 million that we received from the federal government

April 1, 2004, none of that money is going to be spent on child care this fiscal year. Is that correct?

Hon Mrs Bountrogianni: Yes, it is, but can I expand on that at all?

In my consultations across the province, I saw that this federal funding also funds many legitimate and very good programs for children. So what we're doing now under the development of the Best Start plan is looking at how to invest that money. I'm not in a position today to talk about the future plans, but I do understand your concern.

It wasn't as easy as I thought. Some of these programs are excellent. Communities depend on them. However, in some sectors of the province, this money could be spent in better ways. So this is all being considered under our Best Start plan, and you will hear about that, if not before the new year, definitely early in the new year.

Ms Martel: Let me go further to the Best Start program, because there were two funding commitments that were made.

The first was a majority of the money from the ECDI, and I'm going to return to that because I want to know if that was a majority of money in the last fiscal year or if that's a majority of the overall money that we are due to receive, which is over \$800 million over the term of the five-year agreement.

The second commitment was also, "We are committing \$300 million in new provincial money for Best Start." Now, is that a commitment that the government still plans to meet? Will you have a majority of the ECDI money—and I'll get to what I think that might be—and an additional \$300 million in new provincial money for the Best Start program?

Hon Mrs Bountrogianni: Certainly I was hoping, right off, to spend a lot more money provincially for child care. Unfortunately, the fiscal situation that we found ourselves in had us modify our plans and I couldn't, in this first year, do that.

Under our Best Start plan, we're looking at all of the monies in my ministry and how much of it can go into child care, how much of it can go into other areas. Again, I'm not in a position today to say how much we will put into child care, but I will be in the new year, if not before.

Ms Martel: So in the new year, we will get a sense of how much of the \$300 million in new money will actually be committed to child care?

Hon Mrs Bountrogianni: You'll get the full program of Best Start in the new year, if not sooner.

Ms Martel: Then can I ask, set aside the \$300 million of new provincial money that was promised, what do you consider to be a majority of the ECDI money that should be allocated to child care?

Hon Mrs Bountrogianni: I think if you can, with respect, wait for the Best Start plan to be announced or unveiled, you will see that—

Ms Martel: No, it's not being spent now. There's been no allocation this year.

Hon Mrs Bountrogianni: No, not for this year. That's right, and I explained that it was because of the

fiscal situation we found ourselves in with the nearly \$6-billion deficit.

Ms Martel: OK. Well, I'm not going to quote, as I would normally want to quote when I hear about the deficit, what Mr Phillips and others had to say about knowing about the deficit. But what I'm trying to get a bit of a better handle on is, to date, we would have had \$114 million in the first year under ECDI, about \$152 million in the second year—someone's going to correct me if I'm wrong—\$195.5 million last fiscal year, \$194.2 this fiscal year that just started April 1, and we should have one more allocation, which I'm going to assume is going to be in the range of about \$100 million for the last year of the five-year plan. Would those figures be correct? Can someone give me the actual figures if I'm out?

1740

Hon Mrs Bountrogianni: I'm going to ask the ADM for corporate affairs to answer your question.

Mr Bohodar Rubashewsky: I don't have the figures in front of me, but I believe those figures are correct. Those are figures that relate to the total amount of funding that is being provided to the government of Ontario across all ministries by the federal government. I think you said \$114 million in the first year, \$152 million and \$194 million is the ongoing base.

Ms Martel: Am I correct that by the end of the fifth year of this agreement we should get an additional \$844 million for early childhood development?

Mr Rubashewsky: There will be an additional base amount of \$194 million. This isn't a cumulative investment, it's an increase in the base. So as you build programs to a level of \$114 million to \$152 million to \$192 million, you'll have, effectively, \$194 million worth of new programs. You're quoting a cumulative amount?

Ms Martel: Yes. So you're telling me that at the end of the day all we will see is an investment of 194 million additional, new dollars and new programs, at the end of this five-year cycle?

Mr Rubashewsky: Well, base programs amounting to \$194 million will be in place, and those programs will carry out into the future.

Ms Martel: Did the rest of the money go to one-time-only programs? Is that the balance of it?

Mr Rubashewsky: No, the total amount, the cumulative amount is, as you said—

Ms Martel: Eight hundred and forty-four million.

Mr Rubashewsky: —but the programs and services that are put in place and continue on an ongoing basis amount to \$194 million. That is programs that will carry on into the future and will be funded on a base amount.

Ms Martel: Mr Chair, could we get a copy of this? Because I clearly don't understand this. I'm not trying to be obtuse. I certainly got through the ministry, finally last week, both the allocation and the programs that are being supported, and I have that from the \$114-million allocation and \$152-million allocation. But what I don't have is what you just talked about, which is, what does that actually mean in terms of those programs that will

continue on and what is the base funding increase for those programs? Do you have a copy of that through the four years that we have received funding that you can share with this committee?

Ms Hill: I could just clarify. If you take one of the lines and you look at the early years centres, where it says—

Mr Jackson: On a point of order, Mr Chair: It's custom and courtesy if we could circulate a document that's being discussed in front of the whole committee. I'm surprised—

The Vice-Chair: Is that document available? Are there copies?

Ms Hill: Certainly.

The Vice-Chair: It will just take a couple of minutes to get copies, Mr Jackson.

Ms Hill: It's the same document that Ms Martel is referring to.

Mr Jackson: I wasn't referring to Ms Martel; I was referring to the rest of the committee. You're referring to lines in it and it would just be a courtesy.

Ms Hill: Certainly.

Ms Martel: Can I set that aside, then, until everybody has a chance to look at it?

The Vice-Chair: Absolutely.

Ms Martel: All right. Let me set that particular matter aside, because I would like to get a sense of, are we talking about a majority of money based on \$194 million or a majority of money based on \$844 million? I need to understand that distinction, because what I understood was that we were getting 844 million additional dollars by the end of this program and that some majority of it, \$600 million, might go to child care at some point in time. That's what I'm trying to get at.

Ms Hill: What I was trying to illustrate by taking one line is to simply say that at the beginning of the investment, where it began with \$114 million, they were invested in programs that continue. The money then grows to \$152 million. You can add the money up year over year and you get to your \$844 million, but the actual continual base investment is \$194 million. That's what I think we're trying to illustrate. So if you take any one allocation, such as—any of them, in fact—you follow it. It stays as a base investment.

Yes, in total over four years, \$844 million will be spent in investing in services, but it's not that \$844 million remains to be invested year over year. Do you see what I'm saying? It's the difference between cumulative and a year-over-year investment. That's really what I was trying to distinguish.

Ms Martel: So can I ask, then, what would be the monetary amount that the ministry would be looking at to shift into child care? What is the figure that you would use as a legitimate figure, the majority of which could then be transferred to child care?

Hon Mrs Bountrogianni: I'm not in a position to answer that today.

Ms Martel: Do you know where I'm heading with this? I would appreciate an answer because—

Hon Mrs Bountrogianni: Well, I can't give you an answer before Christmas.

Ms Martel: No, and I'm not saying today. If you can, you know—

Hon Mrs Bountrogianni: I will do my best to quicken the process, but the way I work, the way I worked in my other ministry and the way I work here, is that I consult with a lot of the stakeholders when I have a draft of what I'm planning to do. This is a significant amount of money.

At the same time, I don't see this money in isolation with the provincial moneys in child care presently, with the other federal moneys which we may get. I would prefer to do it in a more comprehensive, organized fashion than in a piecemeal approach.

Monday and Tuesday will, hopefully, give me more information so that I can quicken my planning of this whole pot of money that we get from the federal government.

Ms Martel: But what I should know, and what the stakeholder groups should know, is that we're not looking at a base of \$600 million, by any stretch of the imagination, as a potential pot of money that could be diverted from ECDI—nowhere near that—because, given what you've just said about what the base funding is, the pot of money we're actually looking at is far, far less for purposes of redirection.

Ms Hill: Yes. Essentially, you can't undo where the money has already been spent. You can't back up five years and say, "Well, we'll undo those expenditures." The base expenditure that we will have in the ECD is \$194 million.

Ms Martel: So I should be clear that what we're really looking at is about \$194 million and how it gets diverted, if it gets diverted. All right.

Let me ask about the negotiations next week, then. I would be interested in what position you are taking in to these negotiations in terms of child care in Ontario. You will know that I am an advocate of not-for-profit, and I would be hoping that any money that comes into the system that's new would be targeted for not-for-profit centres and not-for-profit child care, and in the same way that we had a conversion for for-profit centres in order to get them to do that, you might consider that as well. I'd be interested in some of the initiatives, ideas, concerns or issues that you are going to take there on behalf of Ontario.

Hon Mrs Bountrogianni: First, as my Premier did in Ottawa just yesterday, we will be looking for Ontario's fair share, looking for the money sooner rather than later, because there is talk of perhaps legislation occurring first in Ottawa and then the money flowing. I don't think we can wait for that.

I've actually had three conversations with Minister Dryden so far—I've met with him once, and two were on the phone—about this money. I'm quite optimistic that we will get the money sooner rather than later, and our fair share, but that remains to be seen. I'll fight very hard and negotiate very hard. I don't know, Ms Martel, at this

point what firm decisions will be made by the end of Tuesday.

With respect your question on non-profit versus profit, I don't share that view with you. We leave it up to the municipalities and the DSSBs to allocate the money. I know very well of what I speak because I was in the process of converting one of my child care centres to non-profit when the NDP lost the election, so we'd have one profit and one not-for-profit. That was fine. That suited those communities, because the two day cares were in totally different communities.

That's what we're hearing, quite frankly, across the province: that we can't be that prescriptive, that some areas would actually lose spaces if we just gave to not-for-profit, and that there would be children who wouldn't be able to take advantage of spaces.

I don't share that opinion with you, but with respect to getting our fair share and getting the money sooner rather than later—in other words, advocating for us to get the money before legislation is set at the federal level. That's what I'll be advocating for, as well as for it to be for child care and for there to be accountability to the provinces so that it is spent for child care and early year programs.

Ms Martel: Let me just go back to the issue of profit and not-for-profit. Correct me if I'm wrong: My understanding is that the \$9.7 million that was allocated to do health and safety and capital adjustments was targeted for not-for-profits. There is a specific provision for that.

Hon Mrs Bountrogianni: Absolutely.

Ms Martel: So it's not as if you haven't focused on not-for-profits' interests before.

Hon Mrs Bountrogianni: But that's for capital expenses, because businesses can deduct it from their businesses, whereas not-for-profits can't. I didn't think it was fair and I didn't think it was right. There was limited money, and I knew that the not-for-profit centres really needed those repairs. Licences were on the brink of being lost and children would lose their spaces. I still have that opinion about the not-for-profit centres and capital expenditures and the profit centres.

But for spaces themselves, our history in this province has shown that when you go to one extreme or the other, you lose spaces, and we can't afford to lose spaces right now.

The Vice-Chair: One minute left, Ms Martel.

Ms Martel: I'm not sure, if you took a look back at our thing. I think we created 20,000 new spaces, so I wouldn't make that argument at all.

Hon Mrs Bountrogianni: In my briefings, I was told that we actually lost spaces during that time period.

Ms Martel: I think your ministry wants to go back and check that, because we had the conversion program, and facilities did convert. With the additional funding that we provided through that period of time, there were additional spaces created in the province. We had net new spaces at the end of our government in 1995, not a net loss of spaces.

Hon Mrs Bountrogianni: I will certainly check that again, except that my opinion remains the same: that we

let the municipalities decide where the child care spaces are set.

Ms Martel: Let me ask about targeted funding for wage enhancements.

The Vice-Chair: Very briefly.

Ms Martel: I'm hoping that you're taking a position that some of this money is actually going to be targeted to wage enhancements for child care workers, because the problem we are having in this province and in a number of others is that they are some of the lowest-paid workers in the public sector. Is it your position, and will you be taking this position into the negotiations, that some of that money has to be targeted—there has to be a condition—that it's actually going to go into wage enhancements for ECE and child care workers in the sector?

Hon Mrs Bountrogianni: I'll take that under advisement. I have not reached an opinion on that yet.

The Vice-Chair: Thank you very much, Minister. That ends this round. We have about nine minutes, until 6 o'clock, if the Liberals would like to take this time.

Mr Parsons: We would prefer a 20-minute block.

The Vice-Chair: In that case, if it's the will of the committee, we'll adjourn for the day and reconvene after—

Mr Jackson: Mr Chair, since you haven't struck the gavel—

Hon Mrs Bountrogianni: Actually, I do have one point of clarification that I want to make. Do I have a minute?

The Vice-Chair: Could we deal with Mr Jackson's point?

Mr Jackson: I was just going to ask if we could put any additional requests for information. I'm quite content to do that with ministry staff. We don't have to do it on the record. I sense there is a high degree of co-operation here.

Hon Mrs Bountrogianni: Sure.

The Vice-Chair: Minister?

Hon Mrs Bountrogianni: Yes, a point of clarification on mental health funding and spending for children. I'd like my deputy or Bohodar Rubashewsky to address that.

Ms Hill: Mr Jackson, you referred to page 65 in the estimates book. We just wanted to clarify a statement you made regarding the reduction in funding to services, the 49%.

This really captures the services in Thistletown and CPRI, which are two directly operated facilities. What you'll notice in the estimates in 2003-04 is that there are two zeros: one is transportation and communications, and the other is supplies and equipment. The amount is \$6 million. Do you see that?

Mr Jackson: Yes.

Ms Hill: Then what you'll see is that the changes from the estimates really show that that line, the \$6 million, was distributed among the three lines in the 2004-05 estimates. There was actually not a reduction to those institutions; it was an alignment that more accurately

reflected the costs of running those services across the three lines. The services line would be covering the clinical services. The transportation and communications would be for staff to transport clients. Supplies and equipment would include everything from medical supplies to equipment to caring for the kids.

If you add up those three numbers, you will see it reflects the \$6.228 million. I just wanted to clarify that there wasn't a 49.5% reduction.

Mr Jackson: Are you comparing the interim actuals against the estimate, or are you comparing the estimates against both estimates?

Mr Rubashewsky: The negative 49.5% compares estimates to estimates.

Mr Jackson: Correct.

Mr Rubashewsky: When you look at interim actuals for 2003-04 against 2004-05 estimates, you'll see that the way we've allocated the funding, the \$6.2 million, in fact more accurately reflects where we expect actual expenditures will occur.

Mr Jackson: But is that a reduced amount?

Mr Rubashewsky: No, it's not. This all adds up to \$6,228,500.

Mr Jackson: Actuals to estimate, or estimate to estimate?

Mr Rubashewsky: In both cases. Sorry, if you look at estimates to estimates—

Mr Jackson: No, I didn't ask that. I'm asking for the 2004-05 estimate. The combination of lines 3, 4 and 5 is an amount less than the accrued actuals in the interim actuals for 2003-04 in lines 3, 4 and 5. It is a lesser amount.

Mr Rubashewsky: That is correct, yes.

Mr Jackson: That's what I'm saying. It's almost a million dollars. You indicated that you've isolated that these are programs for—it was Thistletown? Where was the other?

Interjection.

Mr Jackson: CPI.

Ms Hill: CPRI.

Mr Jackson: CPRI, and—

Mr Rubashewsky: Primarily those two programs.

Mr Jackson: OK. So we'll revisit this next week in terms of why their program is being reduced that dramatically. We'll revisit that next week.

Ms Hill: That's fine. We can provide more detail. The other document I think Ms Martel requested was the allocations of the child care dollars by municipalities, and we can table that planning framework. It's not the approved amounts, but it was the planning framework that was distributed that we used for the purposes of allocations.

The Vice-Chair: That clears it up.

This committee will stand adjourned until Wednesday, November 3.

The committee adjourned at 1756.

CONTENTS

Wednesday 27 October 2004

| | |
|--|--------------|
| Ministry of Children and Youth Services | E-295 |
| Hon Marie Bountrogianni, Minister of Children and Youth Services | |
| Ms Jessica Hill, Deputy Minister | |
| Mr Robert Adams, Chair, Child and Family Services Review Board | |
| Ms Trinela Cane, assistant deputy minister, policy development and program design | |
| Ms Cynthia Lees, assistant deputy minister, program management | |
| Ms Deborah Newman, assistant deputy minister, youth justice services | |
| Mr Bohodar Rubashewsky, assistant deputy minister, business planning and corporate services | |

STANDING COMMITTEE ON ESTIMATES

Chair / Président

Mr Cameron Jackson (Burlington PC)

Vice-Chair / Vice-Président

Mr John O'Toole (Durham PC)

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge L)

Ms Caroline Di Cocco (Sarnia-Lambton L)

Ms Andrea Horwath (Hamilton East / Hamilton-Est ND)

Mr Cameron Jackson (Burlington PC)

Mr Kuldip Kular (Bramalea-Gore-Malton-Springdale L)

Mr Phil McNeely (Ottawa-Orléans L)

Mr John Milloy (Kitchener Centre / Kitchener-Centre L)

Mr John O'Toole (Durham PC)

Mr Jim Wilson (Simcoe-Grey PC)

Substitutions / Membres remplaçants

Ms Shelley Martel (Nickel Belt ND)

Mr Ernie Parsons (Prince Edward-Hastings L)

Also taking part / Autres participants et participantes

Ms Marilyn Churley (Toronto-Danforth ND)

Clerk / Greffier

Mr Trevor Day

Staff / Personnel

Mr David McIver, research officer
Research and Information Services



E-14

E-14

ISSN 1181-6465

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Wednesday 3 November 2004

Journal des débats (Hansard)

Mercredi 3 novembre 2004

Standing committee on estimates

**Ministry of Children
and Youth Services**

Comité permanent des budgets des dépenses

**Ministère des Services à l'enfance
et à la jeunesse**

Chair: Cameron Jackson
Clerk: Trevor Day

Président : Cameron Jackson
Greffier : Trevor Day

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 3 November 2004

Mercredi 3 novembre 2004

*The committee met at 1552 in room 151.*MINISTRY OF CHILDREN
AND YOUTH SERVICES

The Vice-Chair (Mr John O'Toole): The standing committee on estimates is now in session. At this point in time there are three hours and 59 minutes left for the ministry. We're going to recognize first of all that we do have quorum and that there's 20 minutes for the government side to raise questions.

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge): Welcome, Minister. It's good to have you back. It's great to be back after a bit of a break.

There seems to be some confusion with the early childhood development agreement figures and how much funding we actually have available. First, if you could for me, how does the funding work? Secondly, what programs are currently being funded with this money? And if we said that we would spend the money on child care, why haven't we?

Hon Marie Bountrogianni (Minister of Children and Youth Services, Minister of Citizenship and Immigration): Thank you. I'm happy to answer this question. I wasn't in the Legislature yesterday when it came up in a different form.

Since 2000, the federal government has been providing funding under the early childhood development agreement. The goal was to improve and expand the services and programs they provide for children under six and their families. There were four key areas for action. They agreed to invest in any or all of the following areas according to their own priorities: promote healthy pregnancy, birth and infancy; improve parenting and family supports; strengthen early childhood development, learning and care; and strengthen community supports.

In opposition, we believed that more of this ECD funding should go to regulated, licensed daycare, and obviously the former government disagreed. The government allocated this funding, for their own reasons, to a list of programming that members of this committee I think have now. When I became minister, during my briefings I was informed that all of the available ECD money had been allocated, and to worthwhile programs. Then again, since becoming minister in April, I've asked our ministry to review these programs and their funding. In fact, the ministry is currently completing a review of

all of these programs, including the Ontario Early Years centres.

I have to be really careful—and I've said this in the Legislature many times. I don't want to do anything impulsive when it comes to children. Although the reviews are not complete, I have visited many of these programs, and they're worthwhile programs in many areas. I don't want to blindly and ideologically stop all the programs and put the money in any one area—at least not yet. Some of the programs provide much-needed services, but I'm continuing to review them, particularly in the context of the Best Start strategy, and that will be revealed soon.

I think you have the numbers as well, and I think you have the list of programs. They range from children with autism to CTCs to Healthy Babies—I don't have the list in front of me. I think you have them. If you have specific questions on any of them—Early Years centres, as I said, which was probably the most contentious one politically, program effectiveness measurements, support for at-risk pregnant women, infant hearing, Healthy Babies, pre- and post-natal, nurse practitioners.

You can see that once I was briefed as minister, I saw that these were potentially and probably very good programs and that we needed at the very least to review them before we made any transfers to child care, or anywhere else, for that matter.

In these reviews, if I find that some of the programs are not effective, I will indeed transfer those monies over. If they are, we will find other sources of money. But at present, they are under review. Again, I want to be very careful with this, and that's quite frankly more important to me than partisan politics.

Mr Arthurs: Thank you, Minister. That clarification is very helpful.

Mr Ernie Parsons (Prince Edward-Hastings): Minister, at the session we had last Thursday, I believe it was, Mr Jackson asked some specific questions about funding for children's mental health and indicated from it that your proposed spending for 2004-05 is in fact less than the interim actuals for last year. And yet in conversations with foster parents in my community they seem to have a sense that children's mental health services are more available. Are we in fact spending less money on children's mental health?

Hon Mrs Bountrogianni: I want to make it very clear—and I apologize if it wasn't clear last week—that the budget for children's mental health has not been

reduced. In fact, our government has demonstrated our commitment to children's health by increasing funding in this sector by \$25 million, as announced in our first budget in the province. This funding will grow to \$38 million and will address priority mental health issues.

We have included a 3% increase to agencies to stabilize the sector. This will help them increase staff salaries and wages in order to assist them to recruit and retain staff. We discussed at length on all sides of the table here how it's difficult to retain staff.

In addition, the ministry will increase service capacity by investing in new or enhanced services by funding innovative, results-based, multi-year community-based services in child and youth mental health. I think this was probably the point that was not as clear, and I apologize for that, because I had not seen any of the proposals. I knew they were coming. There may have been an impression that this was only planning and not services, but indeed it is services, and I have an example of one.

Here we go. I won't indicate the jurisdiction, because they have not been confirmed yet. I'll just tell you an example of a proposal we received from one jurisdiction. It's a range of services for early intervention, such as outreach workers in schools located in high-risk areas, respite services to keep parents energized to continue to meet the needs of their challenging children and youth, innovative staff training models to build a capacity to serve children and youth with complex mental health issues, and investing in proven programs that have demonstrated good outcomes.

If a community is doing very good work—I mean, this money is meant to have more innovative and better integrated programs to service more children, but we don't want them to discard what has been working as well. So this proposal had it all, had some new programs that they had not in the past invested in with provincial and federal dollars, as well as some of the ones that had been working.

Again, this is just an example. We're at the beginning of this process, but the monies should flow very soon because we are receiving very creative and well-integrated proposals.

Mr Parsons: That's the sense I get back in the community.

Hon Mrs Bountrogianni: Again, I apologize if I wasn't clear last week.

Mr Lou Rinaldi (Northumberland): Minister, at the last meeting you talked about community planning tables and how they will be deciding on how the \$13 million in children's mental health will be spent and how this will translate into more services.

Hon Mrs Bountrogianni: That's what I just attempted to explain, but I can go further if you want.

Mr Rinaldi: If you can.

Hon Mrs Bountrogianni: It's part of the \$25 million. Of course, this money is not one-shot money. This \$13 million is money that will grow and continue. So whatever services—and I gave an example just now—are funded in a certain jurisdiction and across the province,

those services will continue and grow. I've only read one. I'm looking for more proposals. I know they're in, but I haven't personally seen them. That is what I meant last week.

1600

Mr John Milloy (Kitchener Centre): Thank you, Minister. I'm interested in talking to you about children's treatment centres, but I think I'd be remiss on this day, when you've just come back from Ottawa, if I didn't ask you about your trip to Ottawa and the meetings that went on there. I think all members of the committee would be interested in knowing—well, to start at the beginning, what was sort of the overall agenda going in and what are the outcomes and next steps?

Hon Mrs Bountrogianni: Well, as I said in the Legislature, it was actually a very positive meeting. We have provinces and territories from all different political parties, and to come to an agreement on the principles relatively quickly was mind-boggling, because I've been to a couple of these things and you have a general communiqué at the end, but here there were very specific grounds. We agreed on the principles, the QUAD principles: quality, universality, accessibility and developmental appropriateness for the children.

We also agreed, regardless of political party, that every province is unique, that every province is starting at a different position; for example, Manitoba is ahead of us with respect to child care, Quebec is ahead and Ontario is not. We have catching up to do. So we will not have the same targets as Quebec and Manitoba. That was understood, that to expect us to have, for argument's sake, 80% of all children in regulated child care by the same year that Manitoba and Quebec should was not a realistic expectation. That was acceptable.

The other thing that was extremely gratifying was that, despite the philosophical differences between the provinces, generally speaking, given their political differences, on this issue we were incredibly united about that flexibility. Not one province—not one—insisted that these monies should go only for not-for-profit. In fact, every province said that wouldn't be a good thing, that in fact in most provinces that would result in loss of spaces. It was quality that was important, as long as it was regulated and quality. Those were the important indicators across the country.

We decided to get back together in January and talk about how the money will flow. The federal minister told us he would be presenting the \$5 billion—\$1 billion a year over five years—as part of the February budget and that the money, if the budget passes federally, should flow in April. No specific amounts were talked about in any province. I went up there with the hope not that I'd come back with a cheque, but that I'd come back with at least an amount. We, of course, told them that we are expecting \$400 million, that that was based on per capita formulas. Formulas were bounced around, and we did decide to keep the formula pretty standard, the way provinces have been funded in the past. So that bodes well for Ontario.

We discussed the aboriginal children's situation as well. On that area we will continue discussions in January. There was some talk about whether those monies should be included in those, but the provinces thought that those are big enough problems and challenges across the country that that should be a separate budget item. Minister Dryden didn't say no; he just said that we will continue talks on that in January. So what would that mean for Ontario? That might mean \$20 million. So it might be \$380 million rather than \$400 million. Again, none of these were on paper; these were just expectations that were discussed.

It was an amazingly collegial meeting. I guess that's not all that popular in politics, but that's certainly my bias, and I think a lot had to do with the openness of a very new minister. Minister Dryden was very open to listening. He obviously has the support of the Prime Minister on this. We all know how these things work, and if he didn't, he wouldn't be able to have the communiqué that he did.

Quebec was there as an observer. As you know, they have, on many fronts, different types of deals with the federal government. They were there basically just to tell us how their program, which is one of the leading programs in the country, and indeed in the world—the ups and downs of implementing that program. They're very forthright and honest. Their situation was that they were there as observers and to help. They were not there as part of the agreement. On many fronts, Quebec has a different relationship with the federal government. But we appreciated their presence, and they did not form, in any way, any kind of obstacle for the rest of us. They were quite supportive and in agreement. It was excellent.

Mr Milloy: What are going to be the next steps in Ontario between now and January? Taking a look at the January meeting and beyond, how do you see things unfolding?

Hon Mrs Bountrogianni: I got back last night and then saw the American election until about 3 in the morning, so I haven't had a chance yet to talk to my staff and my ministry. But we will have talks very soon about what this means to our plan: the timing of our plan and any modifications to our Best Start plan.

Our goal hasn't changed. It was always to introduce the plan before Christmas, and at the latest in the new year, and that goal still remains.

Mr Milloy: The purpose of the January meeting is obviously to carry on the talks, but is there specifically an agenda?

Hon Mrs Bountrogianni: The goal of the January meeting is also to spend more money on the amounts and confirm how monies will flow.

As well, there will be accountability measures which, by the way, I welcomed publicly to the press. I think that if the federal government gives us a fair amount of money—\$400 million or thereabouts—we need to show them that we are using this money wisely. Quebec has a different opinion on that, but again, they have a child

care system that we can envy and they have a different relationship with the federal government.

I welcome that accountability. I think those will be hammered out in January. I'm not worried about that. There has already been an understanding that each province is at a different stage, and therefore the accountability measures won't be the same from province to province. They might be the same qualitatively, but quantitative targets will be different, depending on how we're starting out.

Mr Milloy: Do we have an idea, in a general sense, of what the accountability targets will look like or what sort of categories there will be?

Hon Mrs Bountrogianni: I think one may be the number of spaces, quite frankly, but not confined to the number of spaces. One of the problems we have in the child care sector, which used to be my profession, is retention of staff. They are the lowest-paid of all professionals. When you think of the important work they do—they're with our children, those of us who choose to have our children with child care workers and ECEs, during the most important times of their lives. As far as setting a strong base and complementing the base that is formed in the home with the parents, they have the second most important role, other than parents and family. And yet a lot of them are making minimum wage, not just in Ontario but across the country.

So part of it would be training and wages for these professionals, but with that also comes accountability and credibility for them. We've already talked about having a college of early childhood educators—and it will be part of our Best Start plan—so that the public is protected and credibility is given to the profession.

Maybe one of the targets might be, what are your training targets and how will you prove to us that you're reaching them? In Ontario, we have two-tier ECEs—we have degrees, and we have diplomas—not unlike a lot of professions before they became regulated. Regulation takes time, so we would have to have targets for that. Also, we would have to have targets for training and wages.

So there's a lot of work to be done. I'm not going to pretend for a moment that it's done. I think the principles were agreed upon, the fact the money is coming was agreed upon and the flexibility was agreed upon.

1610

The Vice-Chair: Mr Parsons.

Mr Parsons: I'm quite a quick thinker as long as I'm given lots of time to do it. I'm going to come back to my question, and maybe Mr Jackson can help me with it. If we look at the estimate for children's mental health, it shows \$336 million for 2003-04 versus \$350 million for the interim actuals. Am I right, Mr Jackson, that your question was about whether Thistleton would have reduced funding?

Mr Cameron Jackson (Burlington): Thistleton was one.

Mr Parsons: One of several you mentioned.

Mr Jackson: Yes.

Mr Parsons: It looks like you're spending less, but you've indicated increased services, so I'm wondering what the numbers mean.

Hon Mrs Bountrogianni: I'm going to turn that over to my CAO, who I know can guide you through the printed estimates on this.

Mr Bohodar Rubashewsky: The subtotal line in the estimates constitutes our direct operating expenditures, primarily in our two children's facilities, Thistleton and the Child and Parent Resource Institute or CPRI. I would like to clarify that there has been no reduction in funding to those facilities and to the ministry's direct operating expenditures in this area.

This budget, which totals \$37.8 million for 2004-05, is the same as the budget that was in place in 2003-04. In that year, however, we did spend approximately \$2 million more than was budgeted at the beginning of the fiscal year. These expenditures were primarily for one-time costs that were not anticipated at the beginning of the fiscal year. These were primarily related to infrastructure upgrades in both centres: air conditioning and generating units, ramps for disabled access, some telephone and other upgrades. As a result, we did have these one-time expenditures. They were incurred. They're not expected to recur this fiscal year.

As a result, the budget is as it is. Again, there has been no reduction in the operating budgets for those two facilities.

Mr Parsons: The agencies that received funding will not have any cuts?

Mr Rubashewsky: That's right.

Mr Parsons: OK.

The Vice-Chair: In this remaining minute, does anybody—Minister?

Hon Mrs Bountrogianni: Thank you for the questions. Do you have anything to say?

Mr Parsons: Not in a minute. That's the problem. Tack it on to the next round, Chair.

Hon Mrs Bountrogianni: OK. I guess, if I have 30 seconds, I should probably talk a little more about Ottawa on the aboriginal children's front. We did, in fact, press the minister that that should be money over and above the \$5 billion. I didn't want you to think we gave in on that. I gave you the \$380-million estimate just in case, but we are pressing on with that, and there was acknowledgement on the federal minister's part that it is a serious problem. There was a representative there from Nunavut, who told us some pretty tragic stories.

The Vice-Chair: Thank you. I recognize the official opposition. Mr Jackson.

Mr Jackson: Minister, I would like to revisit the Ontario Association of Residences Treating Youth and concerns that I raised with you earlier, both in the House and in this committee. I left you with a couple of questions expressing concern about the fact that we're making a distinction here about the quality of the contribution of men and women who are providing services for high-risk children, yet we're not recognizing, as we have for some programs in the past, making sure they are funded at a

rate that will allow their sector to continue to provide high-quality service that is, as we know, regulated and fully responsible for the safety of these children.

I'm at a loss to understand why you have dismissed out of hand this group of service providers in our province, given the fact that there is ample precedent in the province—this government and past governments—not to discriminate against the worker based on the location in which they're providing their services.

Perhaps you could explain to me why you specifically singled them out for exclusion at a time when they're being called upon to take increasingly more complex and challenging cases, which, frankly, are putting their staff at risk. In my lifetime in this Legislature, I had to share the embarrassment of a staff person who was murdered in a facility, which brought to light a whole series of questions about the level of security to protect these young women who are providing service to these children.

So perhaps you could respond to that because, as I've said on the record, you do regulate this sector, you do determine their rate of pay for outside placement accommodation, you set those rates and, on many occasions—and I checked with my CAS—there are many times when the government contracts directly on behalf of crown wards to provide those services. So by your own standard, you're violating those principles by simply saying that you have no direct relationship with these agencies when in fact you do.

Hon Mrs Bountrogianni: We had a tough budget, as you know. I was one of the fortunate ones that received an increase in my budget, but it wasn't an infinite increase; it's not an infinite budget. So I made some choices, and they were difficult choices. We chose for this first budget to give an increase to the direct transfer paying agencies, those that we directly fund.

I have met with the sector you talk about and I'm in no way opposed to the per diem operators. They are—you're right—our agencies, indirectly. My ministry will be reviewing some of the practices. There is a vast range of rates out there, which also concerns me, from centres that charge a couple of hundred dollars to much more for what could or could not be a different service, but we'll see after this review.

I'm not averse to increased funding for anyone who has to deal with children, but we had to make some difficult choices and we thought that, rather than haphazardly fund, we would fund in a focused way, and we funded those that were directly transfer agencies. I can ask my deputy to add more about the per diem rates or anything she thinks might help out here.

Ms Jessica Hill: I think, as the minister has indicated, we do see the need to do a review of the residential service system in the province. They do support a number of our sectors: child welfare, children's mental health, youth justice. It is accurate, Mr Jackson, that we do set the rates. However, we have also, because of the need in child welfare, created or licensed new group homes and so we have a very differential field right now. That is one of the reasons we see the need to review the

whole sector. I believe my ADM can add a bit more detail to our current arrangements.

Mr Jackson: I'm interested in determining why you cancelled rate review across the board for this sector. They've been told that there is no rate review process any longer within the ministry. If you can contradict that, which would be wonderful news, when are you planning your first meeting to do rate review with this group?

Ms Hill: I think perhaps what I can do is describe our current process to you and we will begin with that.

Mr Jackson: Well, let's cut to the chase: Do you have a provision now in your process that allows for rate review for them to come forward and say, "We cannot continue on this basis unless we get a regular increase"?

Ms Hill: We have a process for creating rates for new homes.

Mr Jackson: I'm talking about the existing thousands of spaces out there being provided by not-for-profit, charitable organizations, well-intended, good people—

Ms Hill: There is a process in place for that now and, if you'd like, the ADM can describe it.

Mr Jackson: I just want to know when they can apply, and when's the last time they applied?

Ms Hill: They can apply under certain conditions. That's what I thought would be useful for the members.

Mr Jackson: What are the conditions, then?

1620

Ms Trinela Cane: Perhaps I could speak to it and clarify, Mr Jackson.

The rate reviews, as Mr Jackson noted, are undertaken by the regional offices of the Ministry of Children and Youth Services. There is no freeze on rate reviews at this point in time, nor is one planned.

My understanding is that per diem operators are able to submit a proposal for a rate review. Rate reviews are based on significant program changes and enhancements that are proposed to be taking place. That is one of the key criteria for what determines that an agency is eligible for a rate review. There is a process that involves the review of the proposal itself against the criteria related to program enhancement.

I know that component, the enhancement of programs, has been a source of some frustration for this sector as the primary basis for review, but the regional office will entertain the proposals that come forward as they come forward and, against the various criteria that have been established, undertake that review.

Mr Jackson: Thank you, Trinela. I understand the subtle difference between an enhancement and a rate review. A rate review is to give bump funding for salaries. What is included? Are rate increases on your list of so-called enhancements they can apply for?

Ms Cane: My understanding is that rate increases related to specific program enhancements are eligible.

Mr Jackson: Describe a program enhancement, then, so I can get the difference. I want to argue the point that these people are getting screwed just by simply doing the work they're doing and providing more of it with more complex care. I want to get on the record exactly what

your ministry will actually look at, because I'm led to believe that "enhancements" does not include wage increases. There may be other factors, and if you could tell me—I'm talking about existing programs, not new.

Ms Cane: My understanding is that the enhancements refer to new program components coming on-stream that perhaps deal with different target populations to be served or very specific program interventions that are different from what is currently being provided.

Mr Jackson: Let me ask it a different way, then. Can you give me an example of an organization that has received enhancement dollars, whatever they are, in the last year?

Ms Cane: I do not have that information at my disposal, but I can undertake to determine if we can make it available.

Mr Jackson: If we could have the details of that. My understanding is it does not include salary enhancements. If you need staff increases at the existing pay rate, that's a different issue.

We're going to get into this whole issue of the fact we've gone from 1,700 kids in secure custody down to 436—and we all know that's year-to-date; I've just realized that. But literally, those kids are still out there. They're just not in custody or open custody, they're in these kinds of homes because they're unmanageable in school and unmanageable in the home setting.

So we've got more kids going into these programs, and I want to make sure we've covered off the staff. It's a standard we should be holding in terms of fairness and equity for mostly women workers who are grossly underpaid. These facilities are constantly used as training facilities. The average pay is \$25,000 to \$28,000. They get trained, they do extraordinary work, they're invaluable, and then they go out the front door and are picked up on the street by agencies that you've just given an increase to for a \$40,000 starting salary. The system is weakened when that happens, and we've actually embraced public policy that encourages it, not discourages it.

I know the member understands the importance of not having low-paid workers marginalized any further. This is why I can't understand why this decision was made. So if you could get back to me on that front, I would very much appreciate it.

Hon Mrs Bountrogianni: Can I just add something? We'll certainly get back to the detail, but I don't want to underestimate the fact that, although not enough at this point, our investment of \$25 million, growing to \$38 million next year, is a tenfold increase from what your government gave, Mr Jackson, to the whole field. So I understand your question, but it was a totally underfunded system. We made a choice to fund the transfer agencies significantly. It's not enough; I admit it's not enough. I would have loved to give them \$50 million this year. It's going to grow to \$38 million.

We are working with these associations that you are also advocating for, and I'm confident that we will help them in the future. But this is one detail, when there's so much more that we're doing in this sector. It was a sector

that was starved. We had to give it. We had to give money because, as you so eloquently put it yourself last week, sir, we were losing people to the school system from our transfer agencies.

You can't do everything in one budget, but it was a very good start.

Mr Jackson: Minister, let's not be confusing as to who we're talking about. Let's not confuse what we were talking about here. I'm talking about those agencies—

Hon Mrs Bountrogianni: I'm not confused at all.

Mr Jackson: I know you're not.

Hon Mrs Bountrogianni: I know what you're talking about, and I have the monies here of what you gave.

The Vice-Chair: Mr Jackson, just one at a time, please.

Hon Mrs Bountrogianni: You gave \$2.2 million in 2000 and \$3.3 million in 2001 for the whole sector, both transfer agencies and not. We gave \$25 million, yes, just to the transfer agencies, and that will grow to \$38 million next year. That's a significant difference, and I would not even have brought this comparison up if you had not belaboured this. We've got your point, and we're working with these associations. They do valuable work.

Mr Jackson: Minister, you're discriminating. You're the Minister of Citizenship, responsible for the Human Rights Act, and you're discriminating.

Hon Mrs Bountrogianni: Actually, the Attorney General is responsible for the Human Rights Act. That changed.

Mr Jackson: That moved, did it? Well, I have the floor, Mr Chair.

Hon Mrs Bountrogianni: But I believe in human rights, obviously.

The Vice-Chair: Just pose the question, and when you do, please give the minister time to respond.

Mr Jackson: Staff will get back to me in terms of the enhancement, access to enhancement. Minister, will you answer the mail from this organization? They've written you two letters that have not been responded to.

Hon Mrs Bountrogianni: Actually, they've written me many letters and I signed them last night on the way back from the airport, so they should be in the mail today. They actually wrote me many more than two.

Mr Jackson: I only have two, but they're about four or five months old. But that's fine.

The other part of the question I raised, when you were to get back to me, was, what guarantees are you providing that the children will be protected in these environments, given that you're short-funding on the staff salaries, there are higher staff turnovers and greater pressures on the system? People received their pay equity money from our government in the past. They have been subjected to the social contract and therefore had funding removed. They seem to always have the rules stacked against them when it involves wage enhancements. How are we assured that these environments are safe for children when you put these kinds of pressures on them?

Hon Mrs Bountrogianni: First, they did get pay equity. It was small, but they did get pay equity, and we'll find out exactly how much that was.

Mr Jackson: It was 2.5%. I have the notes.

Hon Mrs Bountrogianni: OK, so they did get pay equity. They weren't the only ones that were victims of the social contract—you know that—but they too were victims of the social contract. Actually, most of us who weren't politicians then and who weren't in business were victims of the social contract. So I understand your point and I respect your advocacy of this sector, and we are going to work with them.

We do have to look at what they are doing, though, and the prices that they charge, because they are also driving up the cost of our child welfare sector, where two different group homes—at least without reviewing them objectively, just looking at them from the outside in, without going in yet to review—seem to be charging totally different amounts of money for what children's aid societies are telling us are similar services. Perhaps there could be an explanation for that. I'm not going to be judgmental at this point, but we have to look at the costs as well and the differences between the costs.

Mr Jackson: I asked you a question, Minister, about child protection and you talk to me about budgets. You don't have an answer for—

Hon Mrs Bountrogianni: Actually, Mr Jackson, you actually asked me about the wage—

Interjection.

Mr Jackson: I have the floor, Mr Chairman.

Hon Mrs Bountrogianni: No, you asked me about the wages of these people—

Mr Jackson: I asked you about child protection and you chose not to answer.

Hon Mrs Bountrogianni: No, don't twist the words. You can look at Hansard.

Mr Jackson: You're talking about the social contract.

The Vice-Chair: Excuse me. May I just—

Hon Mrs Bountrogianni: You asked me about how these people—and in your words, not mine—were screwed, and I tried—

The Vice-Chair: Yes, Mr Jackson and Minister, the civilization will survive if one speaks at a time and Hansard can record what's actually being said.

1630

Hon Mrs Bountrogianni: There's only so much even a civilized person can take, and he's being very rude. And he's being rude to my staff, and they work very hard.

The Vice-Chair: I'm not making any judgments on that, really. I'm just saying let's be civilized.

Mr Jackson: Her temper is well known.

Hon Mrs Bountrogianni: Oh, yeah.

The Vice-Chair: Mr Jackson, you still have the floor.

Mr Jackson: So we're going to have no—

Hon Mrs Bountrogianni: I am actually going to ask my ADM to address that question as well.

Mr Jackson: I will ask the questions. I appreciate all the assistance that you're trying to provide, but I have a

limited amount of time to get a series of questions in. Most of the questions I asked in this committee have not been responded to, so you'll forgive me if I think there's an unfairness if we asked for questions a week ago—simple ones—and we don't have answers. We're going to give staff a second time to respond.

I'd like to move on to some other issues, especially in this area of child protection. What I would like to ask staff is, I indicated to you that 95% of the referrals to these residential treatment centres do not come from children's aid societies; they come from other agencies referring. That's the information that's been shared with me. So my question to you is, who is making these referrals, and out of whose budget is it coming that the minister finds so expensive?

Ms Deborah Newman: The reason I came up, Mr Jackson, was to respond to your earlier question about security provisions for staff. Would you care to have me respond to that question?

The Vice-Chair: Could we have your name for the record, please?

Ms Newman: I'm Deborah Newman, assistant deputy minister, youth justice.

Mr Jackson: Deborah, I'm aware of the protocols when that woman lost her life. I understand we improved that. My concern is with respect to the levels of funding for the staff in order to retain them, and I'm concerned that we have a monitoring system in terms of the security and safety of the children. There are staff concerns, but it was how we monitor facilities for the safety of the children as opposed to just the safety of the staff.

But I would like to move on. How much time do I have?

The Vice-Chair: There is exactly one moment left. If you want a response to that, we could sort of wrap it up there and give them the time to respond.

Mr Jackson: I'll yield to my colleague, then, and move the rotation along.

Ms Shelley Martel (Nickel Belt): I apologize. I was speaking in the House, so thank you, Mr Jackson and committee members, for making a change.

I wanted to talk about children's mental health and I wanted to start at the place where Mr Jackson left off. He had started talking about some of the recommendations that had been made by the public accounts committee in our report last year, particularly regarding wait lists. I can tell you there was a lot of concern expressed by all members of the committee, not just the opposition members, about the fact that it didn't seem that the ministry was keeping lists or had any access to waiting lists, either for community-based mental health services for children or for children who would need a placement in a residential service. I could be wrong, but—one of the staff was starting to respond to Mr Jackson—I think I heard that in fact there weren't waiting lists in place, or no mechanism to look at waiting lists now, or still.

I'm just wondering if I can get a clarification on that and, if that is the case, if we could have a discussion about what we are going to do to resolve that. It was

quite a significant issue that was dealt with by the public accounts committee.

Hon Mrs Bountrogianni: I'm going to ask my ADM, Trinela Cane, to address this.

Ms Cane: Perhaps I could clarify that at this point in time you are correct that there is no ministry-level process for tracking and monitoring waiting lists. There is no standardized approach to waiting lists across the province, both specifically to children's mental health as well as to the host of other services that have come together under the new roof of children and youth services.

The waiting list issue, as all committee members are aware, is a difficult issue to address. Children can be on multiple waiting lists. We are also concerned about a number of children who are not on waiting lists at all.

It is the responsibility of the various service providers across the province to track waiting lists, to keep waiting lists and to manage waiting lists for the clients who are awaiting service, and to determine the appropriate priorities for service in the context of those waiting lists.

I should mention that exercises like the one the minister referred to earlier relating to regional planning tables that had taken place did provide some opportunity, as various proposals are being considered, to look at gaps in services and priorities that come from the various waiting lists kept by the agencies themselves.

As I mentioned, we have implemented some standardized tools for both intake and assessment, and case management. These are very early days in terms of their implementation. They do not track waiting lists at this point in time, but there is the potential for individual clients to track waiting time, and to prepare aggregate data, which is a piece of work that's currently underway at the provincial level. But the member is correct that we do not capture these lists.

Ms Martel: I'd like to pursue this further, because I think it's fair to say that the public accounts committee was concerned about this issue—all members, not just the opposition members. We were concerned from the perspective that if you looked at the auditor's reports, across a number of regions there would be a great variation in waiting lists. We couldn't tell whether that was a function of more children needing treatment in that area or whether children were on a number of lists in an area, and no one could confirm that for us.

There were also significant concerns about residential placements and how many children really needed a residential placement and how we can determine that. Our concern came from the context that if you're going to spend public money transferring money to agencies, you want to make sure that you're getting the best value for money in terms of responding to the most acute needs. We don't seem to be in a position as a government to actually sort that out.

You can continue to put money out to communities. You may be making a difference; you may not. One of the functions of getting at that is to have a standardized waiting list, to have—I don't want to use the word "registry" because that has some different connotations, but

certainly a mechanism developed by the ministry that has the ministry keeping those lists, because you're the funding agency. If you don't know where the needs are, then you just keep putting money out year after year and you may not be addressing the needs.

I'd like to have a better sense of what you are planning to do to respond to what I think were legitimate concerns of all members, who said, "We may not be doing the right thing in the right communities, and how are we going to start ensuring that we're doing the right thing in the right communities?"

Hon Mrs Bountrogianni: Actually, when we first started pulling the ministry together, I was appalled at this as well. I was appalled at a lot of things that were going on over the last 10 years, especially from the social services part of my new ministry.

When I was the chief psychologist, we had a very tight system of wait lists and knowing when the kids were seen, a tight time between when they were seen and when they were reported to the parents, how long they're on a wait list and how long it would even be appropriate to be on a wait list. In fact, that's why I went into politics, because the wait lists were so unwieldy that I was just apologizing to parents as chief psychologist in the 1990s. So it's something that I am also very committed to looking at.

It is a new ministry. We didn't get the budget till April. We are a year old now, though. We have to start the serious work of gathering that kind of data. I'm very results-oriented. I need to know what we're doing wrong and what we're doing right. I don't like to hide what we're doing wrong. This is one of the things that we definitely need to grapple with, and my ministry is aware of that.

Ms Martel: You mentioned there was something coming from the planning tables. I'm assuming that's just identifying gaps in service in a particular region, not gaps in service system-wide. What is happening either at the planning table level or in the ministry to set a process in place where this can be resolved in a timely fashion?

Hon Mrs Bountrogianni: First, for the child welfare secretariat, as an example—and I know it's a little different than what you're asking—we are definitely going to be keeping demographics and data. Because I was appalled at that too, that, as a province, we don't know which kids are successful from our child welfare secretariat. We don't even know it, necessarily, regionally as well. Maybe the individual children's aid societies know, but as a province, we don't know where the kids we invest in and try to help are right now.

With respect to the children's mental health, we definitely have to look at that. It's a very challenging task, as you may know, Ms Martel, because there are so many agencies dealing with our children. But we need to grapple with it. I don't pretend to have the answer today, but my ministry will definitely work on it.

1640

Ms Martel: Can I just go back to the wage increases, the \$13 million? You may have answered this, and I

apologize if you have. Can I ask what was the percentage increase then—can you calculate that?—across the sector? What did that represent? You told us previously that \$13 million went to wages out of the \$25 million that had been allocated this year.

Hon Mrs Bountrogianni: Actually, \$12 million went to wages and \$13 million went to services, these community planning tables.

Ms Martel: I thought it was the other way, that it was \$12 million for planning tables and \$13 million for wages. All right, I'm going to switch that.

Hon Mrs Bountrogianni: Am I wrong, Bohodar? What is it?

Mr Rubashewsky: The \$12.2 million has been provided as part of the 3% increase to a variety of sectors, including children's mental health, and the \$13 million is for enhancement to the sector.

Ms Martel: In your discussions with agencies—and I don't know how comprehensive these have been—what did the 3% achieve? Did it stop the loss of staff out of those agencies or is the gap that has to be made up still so high that the sector next year is going to be in the same position of needing to access a lot of those new funds just to retain current staff or current services?

Hon Mrs Bountrogianni: I spoke to the sector—when was it?—three weeks ago and they certainly welcomed the 3%, but it was a long time coming. They didn't have an increase in a long time, so I'm not going to pretend that was enough. During the campaign, they had asked for about double what we gave in this budget. Again, as I said earlier before you came in today, I wish I could have given \$50 million. I didn't; I gave \$25 million for this first budget, but we are aware of the stresses. Now, this \$25 million, as you may know, grows to \$38 million next year and then continues to grow.

Ms Martel: For the \$38 million then, do you perceive that there will be a similar breakdown in terms of a significant portion of that money actually going to wages and salaries to retain staff versus a significant amount of money going into new services to deal with waiting lists? I see two different issues there. Do you have some sense in terms of the allocation for next year? Will you have a similar breakdown that will essentially be targeted for wages and salaries just to retain staff in the sector?

Hon Mrs Bountrogianni: I'll let my DM answer this.

Ms Hill: Currently, the planning tables are looking at how to spend the \$13 million growing to \$25 million, and the expectation is that that's for new services or for service gaps. As you know, there isn't a standard set of salaries in agencies and they vary considerably. So the impact of the 3%—it was left to the agency's discretion how best to invest that and stabilize their service.

Ms Martel: I understand that, but I would assume as a sector that, because you targeted money this year for wage increases, it was because across the sector there was a recognition that this was a serious problem. Do you think that is going to be a similar situation that you face when we head into the next fiscal year, that in fact across all of those agencies, a good portion of the money that's

coming is still going to have to be used just to try and retain the staff they have and try and retain that expertise and that experience?

Ms Hill: As the minister has indicated, we recognize that there is more room, but we also need to ensure that we're responding at the same time to the need for increased services. The 3% was in a sense an event that was given to us as an opportunity by the government to do a bit of catch-up, but it is not going to be continued on a year-over-year basis at this point in time.

Ms Martel: Are these staff subject to receipt of proxy pay equity?

Mr Rubashevsky: I believe they are, yes.

Ms Hill: Let us check.

Mr Rubashevsky: They are subject to receipt, and children's mental health services were captured under the memorandum of settlement on pay equity.

Ms Martel: OK. So they have another allocation coming in 2005-06?

Mr Rubashevsky: That's right. That will be the final—

Ms Martel: That will be the final. Can I just move from that then to the government's preschool speech and language program? I want to identify a problem that has come to me from a woman whose name is Shirley Olney, who lives in Ilderton, Ontario. She is a constituent of Mr Wilkinson and has written the same letter to him, but I told her I would try and raise it here on her behalf. Her child has autism—I won't deal with that part of it—but her child also requires speech and language services. Her daughter is now no longer eligible for speech and language services because, as parents, they made a decision not to enrol her in senior kindergarten this year. They made the decision not to enrol her in senior kindergarten for a number of reasons, and I'll just quote what she said:

Her daughter "is eligible for senior kindergarten, but we chose not to enrol her in senior kindergarten because we felt, after consulting with her doctors and the lab school director"—which is the lab school that she is in—"that it would be detrimental to her development given her autism, IQ level, developmental delay and not being toilet-trained. She is currently attending a preschool program at the university laboratory preschool located at the University of Western Ontario. There are no speech and language ... programs available for her at this school."

So the situation she finds herself in is because, as parents, they have made a choice not to enrol her in senior kindergarten, which is not mandatory in the province. She is now not eligible to receive speech and language because that same speech and language service, because she is of senior kindergarten age, would be provided at school.

I should have been, and wasn't, aware of the situation, but I thought that it spoke to a really serious gap that I would appreciate you taking a look at. It is true that senior kindergarten is not mandatory. So they have the choice. As parents, they made what was probably a difficult choice to keep her where she was, at the lab school, because she's not ready to go to school yet. But, in effect,

she has lost her speech and language service because she's being told by the community agencies, "You have to get that at school now. That's where it's available; that's where you have to get it. If you don't choose to enrol your child in senior kindergarten, then you're not getting any service at all." That's the situation she now finds herself in, with no service at all, either through the community or through the school.

Hon Mrs Bountrogianni: Thank you once again. You brought something else to my attention last week, and we hopefully addressed it early enough.

Is this the rule, that if you don't go to senior kindergarten, you get cut off?

We can certainly revisit that, but I do want to know myself. So this is good. This is why I wanted to be on estimates, because it was taking me a while to find out the rules. Go ahead.

Ms Cane: I'm actually unaware of this situation, both the specifics of it and in general terms, but I think it's exactly the type of thing, as we bring these services together in one new ministry, that perturbs us greatly, partly because I think one of the reasons for creating the new ministry was to look at some of the key transition points in children's lives. You've certainly raised an issue that I would like to look into and get back to you, both around the specifics of a case as well as the general issue. I'd be happy to do that.

Ms Martel: I would appreciate that. As I say, she sent this to me mid-October. We told her we'd be in estimates. She gave me permission to give the information to you. I'd appreciate it if you could. As I say, it has not ever been brought to my attention. So I was unaware, but it certainly appears from the letter that she has made a number of contacts with her own MPP's office and others, and this is what she is being told. So if it's not true and someone is misleading her, then I'd like to get to the bottom of that. But if it is true and this is a gap, I think it's significant. I don't know what numbers of children would be affected, but it does certainly point out a gap if you make a decision not to send your child to kindergarten.

Hon Mrs Bountrogianni: We will look into that specific case, which probably is on its way to me anyway, if Mr Wilkinson has it. But we will look at it from a systems point of view as well.

Now, this is one of the programs I inherited. There are waiting lists, and it hasn't received an increase in a while. So we are looking at those pressures as well under the Best Start plan, because again, Best Start isn't going to be just child care. You have to prepare kids for child care as well, and give services they need while they're at child care. So we are looking at these and other programs that have been underfunded over the years, that we didn't increase in the budget this time, but we will be looking at that under Best Start.

I was unaware of this situation. So I thank you for bringing it to my attention. You did bring a situation—I can't remember if you did it publicly or on the side table

last week—about the letter. Oh, you did it in the Legislature, but that was handled.

Ms Martel: It was more public.

Hon Mrs Bountrogianni: It was very public, and it was very well appreciated, because indeed we did rewrite that letter and clarified that children—and I know this is a sensitive case between the two of us—receiving IBI under the age of six, and there was, in one of my regional offices, a wrong interpretation of that, so I thank the member.

1650

Ms Martel: Can I raise one other issue in that regard? It might become a specific case, because we're dealing with a parent. The first part of it was dealt with in terms that children who are still five should still be able to access services. I appreciate that. The second part of the letter really did say that as of January 1, at least TPAS was not going to be accepting children with the two qualifications around autism and where they were in the spectrum.

I can just say that we heard from a parent this week who has been waiting for two years on that same waiting list, who had an assessment last week, and who it appears has been told—not formally yet, but as an aside—that her child will probably not receive services now because they were not going to meet that second criteria. I just have to say that I think it's really unfair for a child to be on a waiting list for two years, to now potentially be told—it hasn't been confirmed. I've asked her to give that to me, and I will give that to you, Minister, if that comes to pass. I just thought it was more than a little unfair that after two years of waiting for service, thinking they would qualify if they could only get an assessment, to now be told that they might not because of a change in criteria is just not on. That's not right.

Hon Mrs Bountrogianni: No, it's not, and I agree. There may be a few kids who are caught before our strategy is implemented and fully understood. I want all of those cases to be brought forward.

Part of the reason why there was a large waiting list was that parents were given false hopes. Even for children under the age of six, they're not all appropriate for IBI therapy, and yet they were languishing on these wait lists, and without getting any other kind of service, only to be told that they don't qualify.

There hasn't really been a change in criteria, although I know there's some confusion out there. You brought that forward, and I thank you for that, last week. But where there has been a change is that we are offering those children who have been diagnosed services other than IBI if they don't qualify for IBI. They don't wait on these wait lists, giving them hope for a therapy that they were not eligible for before and they're still not eligible for; they are just not appropriate for IBI therapy. These are professional judgments, not government directives.

It's precisely because of the cases like this that we've streamlined the preschool screening process. Obviously there are still kinks; obviously there are still people who have been waiting for two years. I am willing, as I did

with that other case, to look at it case by case, in case someone fell through the cracks or somebody out there misinterpreted the criteria.

Ms Martel: I appreciate that.

The Vice-Chair: That pretty well uses up the time, Ms Martel. Thank you. It goes to the government side.

Mr Kuldip Kular (Bramalea-Gore-Malton-Springdale): Thank you, Minister. I understand, as a family doctor, that when we look after children's mental health, there is a decrease in the youth crime rate. You have told us before that during this year's budget, our government has put up approximately \$25 million for children's mental health services. I know the federal government has been giving some money to the province for child care services. Is there any federal funding for children's mental health services?

Hon Mrs Bountrogianni: Actually, part of that early challenge fund, that \$194 million that I talked about earlier, some of that money is flowing, if you look at that chart, to children's mental health from the federal government. Presently, what we're giving is the \$25 million over and above what was spent last year, which will grow to \$38 million.

You're quite right. We call these crossover kids: kids that tend to go from child welfare to children's mental health to youth justice. Another reason why we have one ministry is so that we can follow these children, which I guess goes back to Ms Martel's observation, and the Provincial Auditor's, that we don't have a good handle on where these kids are; we don't have the wait lists. My ministry will definitely look at streamlining this.

Part of the reason is that we don't have an information system. It's very expensive. It's unfortunate that it hasn't been done before. But we definitely do have to look at that at some point. That wasn't a priority for this year. We prefer to give it to services directly because they were so starved and so underfunded over the years, but certainly that infrastructure is necessary, and we will be looking at that.

Mr Kular: Could you confirm that provincial funding for children's mental health services is not decreasing, but rather is increasing, every year?

Hon Mrs Bountrogianni: That came up earlier as well, and my CAO did address that. It is, in fact, increasing. I believe he addressed that to Mr Parsons's question, that it is increasing.

Mr Kular: The last question of mine is, this government is setting up a Centre of Excellence for Child and Youth Mental Health in Ottawa at the Children's Hospital of Eastern Ontario. Can you comment on how this would help children's mental health services?

Hon Mrs Bountrogianni: It's a centre of excellence for children at CHEO. Dr Simon Davidson, of course, a renowned child psychiatrist, is the director. This centre will do research and will also do training and dissemination of information across the province of best practices. It will work with the child welfare secretariat. I don't know if I'm missing anything.

Trinela, maybe you can add some more, if you'd like.

Ms Cane: Perhaps I could provide some further clarification. We're working very closely with CHEO and the Centre of Excellence for Child and Youth Mental Health. Dr Simon Davidson and Dr Ian Manion are both the key leaders of the centre.

I should comment that the centre is something that was transferred to us as part of the early creation of the ministry, from the Ministry of Health, which was responsible for the oversight on this. But we are clearly in the very early days of development of this centre of excellence, and it has been a wonderful opportunity to be on the ground floor of that.

The centre has actually taken what I would consider to be an extremely collaborative approach. They want to be sure that they are not a bricks-and-mortar-approach resident at CHEO itself, but in fact are developing a network of key experts and practitioners across the province, which I think is probably one of the most exciting parts of this.

The minister mentioned a couple of the key pillars for the centre of excellence, and I would like to include a couple of others. Not only are they doing research and development—and to the point that one of the members raised earlier as to what actually works in the area of children's mental health, I think it's an area where we've had some fairly significant gaps in knowledge. Even in the services that are being provided across Ontario, many of the practitioners that Dr Davidson and others have consulted with have expressed concern that they want to be doing the right things for the right reasons, and they've asked for help in that area. So research and development are key priorities.

Another piece related to the practitioners is the focus on training and development. Dr Davidson has not only established a fairly interesting advisory council, chaired by Senator Kirby and including both experts and practitioners at the highest level from across Ontario, he has also identified a number of smaller working groups, including groups of practitioners, to provide advice as the centre is moving forward. So education and training is a key component.

I will also mention that they are establishing what they call a clearinghouse, and that is really an interactive, Web-based opportunity for practitioners and experts in the field to come together using, as I said, Web-based tools and having the opportunity to both dialogue from a clinical perspective as well as to gain information about best practices.

I think that consultation and the other piece related to useful intervention and the most appropriate evidence-based intervention are all key priorities.

I would have to say that Dr Davidson and his group are just developing their approach, but already we're finding it very promising and quite exciting, and certainly a number of focus groups and consultations have already been held, including participants from key universities and academic centres. So it's not exclusively a centre-of-excellence approach; it's actually leveraging the best expertise available across Ontario, but also including

practitioners. Already, Dr Davidson has taken the advice he has received from these various informal and formal consultations to heart. As he is formulating his operational plan in discussions with the ministry, I think we'll see a lot of that feedback reflected—if that is helpful.

The Vice-Chair: Mr Milloy, please.

1700

Mr Milloy: Minister, first of all, I just want to tell you—and I mean this sincerely—how excited a lot of the stakeholder groups are in my riding at the formation of the Ministry of Children and Youth Services.

As members of the committee don't know, the minister came down to my riding a number of months ago and had a chance to meet. We had a fascinating lunch where we brought together a lot of the stakeholders involved with your ministry. I think their optimism is about starting to fit all the pieces of the puzzle together, about the fact that all the diverse services offered for children and youth throughout government have come under one umbrella and we can start to see how one complements the other, where there's overlap, where there's duplication and where there are ways they can work together.

As you know, one of the areas that I hold a certain passion for is children's treatment centres. My area boasts KidsAbility, which I think I'll say is the best in the province because it's in my area. As you know, the children's centres provide the best possible physical, emotional and cognitive development. I've had a chance to visit them on numerous occasions and see, really, the miracles that are taking place there. They have a team of dedicated staff and they're run by a voluntary board, which devotes many hours to making this organization a success. They also undertake a tremendous amount of fundraising to try to augment the money that comes from the government.

As you know, and members of the committee may know, children's treatment centres have had a very strange funding roller coaster through many years. They've had their funding frozen. A number of years ago, they got a tremendous boost in their overall budget, but then that was frozen. So you have the costs associated with inflation and also the costs associated with the wages of very specialized workers who, of course, are being attracted by jobs in hospitals and other sectors. So they have to keep pace with them.

I guess my initial question about the children's treatment centres is, what can we do about some of the funding problems that they're facing?

Hon Mrs Bountrogianni: It was actually a very interesting meeting. You do wonderful work there. I actually did my undergraduate at Waterloo and taught two years at Laurier. They were leaders then and they're still leaders in many ways in your community.

Yes, the children's treatment centres needed a boost, so we did find and give them the 3% increase for wages. But we also invested \$24 million for capital. As you know, in the north there was a great need, and we announced new ones in North Bay and Thunder Bay as

well as in London, Ontario, in the southwest. We will be continuing to work with the children's treatment centres and we will address their needs.

This is what we could do in this budget year. Many of these children do access other children's services as well. A research study was done about 15 years ago at McMaster by Gina Brown, which showed that 15% of families with special-needs children access 85% of the services. So there are high-needs children in these centres who also access other services.

I had the privilege of going to Brantford a couple of weeks ago, where the integration of services in that city are best practice. So a part of the solution is in the integration of services as well as in more investments.

As you know, we have our pressures, but I am looking at it. So far, I've had a lot of support from my colleagues in my new ministry, and an increase in the budget of \$200 million this year. So I'll keep working at it and, with your assistance, I know we'll get there.

Mr Milloy: Just to follow up on what you've said, one of the problems they're running into, of course, is increased waiting lists. As I've talked to some of the representatives of children's treatment centres from other parts of the province and also KidsAbility, it seems that part of the solution may lie in actually identifying a specific role for the treatment centres and, in a sense, outlining what services each one should offer and how they can complement other services in the community, and then find a basis of funding on that level.

One of their frustrations, of course, is that if they knew what their budget was every year, if they also knew how to sense—maybe this is much more difficult—what their take-up would be from the community, they'd be able to manage things a lot more smoothly. I don't know if you have thoughts on that.

Hon Mrs Bountrogianni: I have thoughts and hopes on that. So I know, with your support, we will address these as well. This is what we could do this year on this budget, but we certainly recognize the stresses.

Trinela, would you like to address this any more? I don't know if you have anything more to add.

Ms Cane: Perhaps I could just make a couple of comments. One is that we certainly meet with this sector on a very regular basis. I had the opportunity a few weeks ago to speak to their annual conference. I know from a very heartfelt group of service providers and parents that the 3% increase went some distance toward their pressures. I think it's fair to say, as the minister noted, it doesn't go far enough, and certainly some of the feedback we've had has suggested the ministry could be looking at the children's rehab services policy framework, precisely for the reason the member and the minister have both articulated: to identify what core services should be provided in every community in Ontario.

The other point I would make is that CTCs themselves have expressed an interest in being a central access point for services, which is something that the ministry, as it comes together under one roof, will be considering in general terms. But we certainly work very closely with

the sector. One comment I will also make is that a number of the centres are very integrated with a variety of services, including preschool speech and language and services coming together. I guess it's my perspective that that is a model we would like to pursue: more integrated services for children.

Hon Mrs Bountrogianni: The model in Brantford that I was talking about is just like that. It's unique; it's best practices.

The Vice-Chair: There's seven minutes. We have Mr Milloy, or you could defer for a moment to Mr Parsons. It's up to you.

Interjections.

The Vice-Chair: Mr Parsons, please.

Interjection: We're fighting, actually.

Mr Parsons: I'm older.

In our family's 18 years of fostering, we on occasion fostered children who were also involved with the criminal justice system and, when we got to know them, found that incredible things had happened to them at home. I can think of one young man who defined wealth as having three meals a day. He got into trouble at school because he habitually stole food. The reality was that was the only food he got his hands on for most of that day.

I'm not an expert on it, but the federal government introduced the Youth Criminal Justice Act, I believe it's called, which has profoundly changed the way they deal with young people. But these are our citizens, and I assume there's a great deal of interaction between the federal government and your ministry. I'm wondering, what changes has it brought about in Ontario? Has it had any effect on our secure and open-custody facilities? Has it had any other changes?

Hon Mrs Bountrogianni: Before I give it over to my ADM in this area, thank you for the question. I just want to say, I'm really pleased the youth justice sector is under the children and youth ministry, because we do need to track these youth in a much better way.

But before I give it over to Deb to say exactly what we've been doing in this area and what we plan to do, we also almost doubled the nutrition program. You mentioned he was stealing food because there wasn't enough food. We recognized that need and went from \$4.5 million to \$8.5 million a year in the nutrition programs. We're also reviewing that so we can do a better job of disseminating those monies, because we found a lot was being spent on administration, on fancy, glossy pamphlets and not on great food, quite frankly, in many parts of the province. I just wanted to address that part of the question before I handed it over to my ADM.

Mr Parsons: I want to say thank you for that. We never fostered a child who didn't hoard food when they first came, because they were hungry. And I watched an increasing number of schools offer breakfast programs, because the kids were coming to school without breakfast.

Hon Mrs Bountrogianni: That's right. We did a study in our city in my department a few years ago where we showed in one inner-city school—all we did was feed

the children breakfast. We did it with the help of the corporate sector back then. Their school marks went up by three years in one year; mind you, they were way below age level. They actually caught up to their peers just by not being hungry. So it's definitely an issue, and \$8.5 million isn't going to solve the whole problem, but we're working on it on other fronts in other ministries too.

Deb, would you like to address the youth justice question?

Ms Newman: Certainly. As you mentioned, kids get into trouble with the law for a very broad spectrum of reasons, addressing all manner of social and human service issues. The federal government recognized some of that and was also very concerned by the overuse of incarceration in Canada and introduced the Youth Criminal Justice Act. In fact, Canada was incarcerating more youth per capita any other country in the Western world, including the United States. Ontario was fourth in Canada in terms of the use of incarceration for youth, some of whom were doing the kinds of things you've described. The overuse of custody, the overuse of the formal court system, were a very significant issue in this country and in many jurisdictions, including Ontario in particular. There was significant concern about the ability of kids to reintegrate back into their communities. There was absent an after-care component to support youth who'd been in custody as they went back into the communities.

1710

The Youth Criminal Justice Act was implemented across the country on April 1, 2003, and the early experience with it has been quite dramatic in terms of the intended outcomes that the legislation was trying to address being realized. As has been pointed out, the use of custody, both secure custody and open custody, since the YCJA was implemented in this province and every other province in Canada has seen exactly the same dramatic decline. It's clearly having the intended consequence that the Department of Justice was after. As we've discussed, I think, last time we were here, and we've provided further statistics about the trends, we're currently experiencing that, and so have many empty beds in open and secure custody facilities in the province.

This is really enabling us to do a very significant shift in terms of our service delivery system in Ontario. We've begun some very exciting work, I think, in terms of investing in community-based programs for young people and providing appropriate, evidence-based services to them, including attendance centres, which is a community-based program which is one of the new sentences under the YCJA. So we have a number of youth now in five different attendance centre pilot programs across the province. In fact, I did provide a report and an evaluation of the first attendance centre program that was instituted in Ontario. It's extremely positive in terms of leading to better outcomes for those youth.

We were also beginning to put some youth in open detention rather than in secure detention so they're able to be in communities and be supported in their com-

munities across Ontario. We're also trying to address some of the issues that Mr Jackson raised around, are some of these kids in need of mental health services? So as we reposition the service delivery system, we're also looking at investing in appropriate services for kids in conflict with the law who also experience mental health problems. Specifically, as an example of that, I would say that we're getting ready to launch a new community-based program called intensive support and supervision, which provides precisely those youth who are in conflict with the law and also have mental health problems with wraparound services of a mental health nature. In terms of the realignment of our delivery system, we have multiple exciting opportunities to make a difference for kids in conflict with the law.

The Vice-Chair: Thank you, Ms Newman. That ends this rotation, and we will start with a new rotation. In the interest of orderly time, we'll say it's 15 minutes per party and we'll start with the official opposition: Mr Jackson.

Mr Jackson: I'd like to pursue a little more with Ms Newman, and I want to thank her for the statistics that I requested. You might help me navigate through them a little better and explain them. For the record, I didn't catch the new program you were considering, the intensive support and—

Ms Newman: Supervision. The intensive support and supervision program.

Mr Jackson: We have two pages that were presented to us a few minutes ago. These are phase 1 and phase 2. They are 2002 through to 2004-05 year-to-date.

Ms Newman: I'd be happy to walk you through those, if that's helpful.

Mr Jackson: Yes. Average count: Those are children, correct—or are these the reductions?

Ms Newman: There are two documents that have been provided. One shows the average count or utilization rates in both secure and open custody in phase 1 and phase 2 for different periods of time.

Mr Jackson: I've got that one.

Ms Newman: So the actual utilization rates. The other document shows the number of new admissions in both phase 1 and phase 2 by disposition, so secure and open custody, as well as probation and other community dispositions. One shows the number of new cases coming into the system year over year; the other shows the utilization rates.

Mr Jackson: It's safe to say that we're looking at utilization chill here of significant numbers which you've referenced.

The minister referenced that they needed to track these kids, and you mentioned tracking. How are you tracking these children currently?

Ms Newman: We currently have no means to track these kids who were in secure and open custody. In terms of what's happening with those kids now, they're not being admitted to our system. We know that the police, consistent with what's expected of them under the Youth Criminal Justice Act, are diverting a significant number

of these kids, it would appear, but the police do not maintain statistics. They are not required to do so under the YCJA. So we don't know to how many of them they've issued warnings, how many of them they brought home to their parents, how many of them they've referred for community service work, and so on and so forth. We don't have that data.

Mr Jackson: Deborah, it's not just the police, though. The CAS will contact the police when the matter's serious enough. I guess my question has to do more with why we're not tracking through, let's say, the CAS. A disproportionate number of those children are coming through that system. Is there any effort to try and track at least that cohort from that source? Their budgets have gone up rather significantly; they, in turn, do the referral for some kind of residential placement, whether it's in foster or whether it's in residential treatment. Some are mental health cases, as the minister referenced.

Ms Newman: Yes. Again, until the creation of the new ministry, this wasn't, I dare say, even recognized as an issue. The whole notion of crossover kids has now been recognized since the formation of the new ministry. The fact that some of these kids are actually the same kids—they're the same kids who start off in the child welfare system, graduate to children's mental health, and ultimately the trajectory for some of these kids is into youth justice. You may have a child in a group home who gets into a scuffle with another child and ends up being criminally charged, whereas they might not have been charged if they were in a family home. Their behaviour becomes criminalized and we end up with them graduating into the youth justice system.

That's something that's very much of concern to all of us in the new ministry. We're just beginning to try to assess how to begin to gather data that we now should have an opportunity to do because we're all under one roof, whereas we previously didn't even really recognize in our silos that the problem existed, frankly.

1720

Mr Jackson: What about those kids who go to court and the judge determines that—there are many occasions I can recall where judges would believe there is a community-based program that forms part of the condition for the child upon re-entry. Are we able to monitor at least that part, where the expectations are on certain kinds of facilities and programs in the community? Are they tracking that at all, such as children's mental health centres, which would be with children's aid societies?

Ms Newman: The courts, in terms of their application of the YCJA, are really only beginning to divert youth from the court system. In fact, the Ministry of the Attorney General is just now working with us on five diversion pilots from the court system. They have not yet begun a diversion program. Those pilots will be instituted in the next few months, in this fiscal year.

Mr Jackson: Where are those pilots?

Ms Newman: The locations are currently under discussion with the Ministry of the Attorney General. I have

staff contributing to those discussions and will be supporting their implementation.

Mr Jackson: This is a significant reduction. Have there been staff reductions at these facilities? Where are the savings? Who's monitoring the savings? What's being done? When I look at the budget, on page 71, I don't see any reduction anticipated. You've got a 70% reduction, in some cases, in your caseload, and yet the budget—the way I'm reading it—has actually gone up slightly. Any explanation for that?

Ms Newman: Certainly. In the open-custody sector, because it has seen the most dramatic decline to an average of 37.3% utilization post-YCJA implementation, we've been approaching a rationalization exercise incrementally in that sector. We closed 17 open-custody residences this past July and are only beginning to realize some savings from the 17 closures, given the 60- or 90-day notice provisions in their contracts. We're going to then invest that money in the new community-based programs I mentioned. We're looking at doing a further phase of rationalization of the open-custody system because their trends are holding in terms of the low utilization.

What we wanted to do was to be a bit measured in our approach, because when the Young Offenders Act came in in 1985, we also saw a dramatic decline in custody rates, and they rebounded within three years. We didn't want to move forward precipitously, because once you close a custody bed, as you know, it's very difficult to recreate. So we've taken a measured approach, but we are rationalizing the number of beds in the system and are planning to reinvest that money in the community-based programs.

Mr Jackson: Could you provide us with a list of those locations that have been closed?

Ms Newman: Certainly.

Mr Jackson: I appreciate that very much.

I want to revisit the children's mental health piece. The minister has put on the record where her commitments, those dollars—the \$25 million—are going to go. I guess really what I'm asking is, have we increased the capacity for children's mental health infrastructure in this regard? I understand that it's for your reviews, your planning tables, and the salary increases for direct agencies. But where are we increasing capacity, when we've established with what Ms Newman just shared with us—we're talking here about 1,000 kids who are receiving some degree of care in the community, and a high percentage with mental health challenges. That is one of the problems, the shortness of capacity.

Hon Mrs Bountrogianni: Thank you for the question. The community planning tables, as I said earlier, have brought forward proposals. Those monies should flow in January for those mental health services, Mr Jackson. Our goal is to show increased services in January-February.

Mr Jackson: So this will be program expansion?

Hon Mrs Bountrogianni: Yes.

Mr Jackson: Have you offered base budget increases to any of the children's mental health centres at all in the province?

Hon Mrs Bountrogianni: The 3%.

Mr Jackson: No, that will go into their base. Are you planning multi-year planning packages for this sector?

Ms Cane: As the minister mentioned, the 3% increase to transfer payments did go directly into the base of the various agencies that were in receipt of it. That is a base funding amount that will be in their bases from here on in.

For the other amount of money, which is the \$13 million growing to \$26 million, the tables are looking at their plans on a multi-year basis. They're looking at what their immediate needs are, but they're also planning on a multi-year horizon, because the funding is going to be available year over year. It does give them, I think, one of the best opportunities to start to make a little bit more of a medium- to long-term plan to address the needs in the community, and we're providing quite a bit of flexibility as they develop their priorities and their respective plans.

Mr Jackson: Thank you, Trinela. I know I'm going to run out of time here real quick, and I think Ms Martel is going to start more on the daycare, and I'll revisit that in a moment, but I had a couple of quick questions with respect to the autism supports in the elementary system. Clearly there is concern, and it was raised again in the House, about the failure to provide supports directly to families with autistic children past age six.

I'd be very interested in getting a sense from you as to why your funding in your \$2-billion ministry, which isn't a really large budget—it's a large budget compared to others. Yet the Minister of Education has got over \$16 billion and is on record as holding back special-ed money in our school boards across the province. Your ministry is being called upon to provide the resources here which are not direct support for kids who have to be removed from a school setting for their IBI. It's in fact a program with precious dollars in your ministry going to support teachers, when my understanding is that we've always had consultants paid for through the Ministry of Education.

Would you just share with us briefly what the thinking was in terms of why your ministry is being called upon to fund this, when there are so many things identified that require attention, let alone—I don't want to get into a big debate about the broken promise here. This is devastating for families.

Hon Mrs Bountrogianni: No, it's a fair question, Mr Jackson. Because I worked in the system—I didn't only work in Hamilton—I was also called upon by the province throughout the years to be on various committees across the province, both educationally and on psychology committees. Although some boards did have good resources, a lot of boards, particularly in the north and rural areas, had no resources for children with special needs. My colleague Mike Brown came to me a year ago and said constituents of his came to him and told him that

the school actually said, "If you were in this city, we would let your kid in this school. We don't have the resources." His constituents' child has autism. So one of the reasons is lack of consistency across the province.

Another reason, quite frankly—and I was part of the system, so it's not a judgmental statement; it's a fact. There are things built into the education system which quite often—and they're good things. They're collective bargaining, they're contracts, they're good things, but they are not always in the best interests of particular children because there are changes to those children's lives. When an EA gets bumped, when a teacher changes—all for good reason—those children go back and regress. So you need some consistency as well, even within the school boards that have some resources.

1730

The education community has welcomed the partnership—and I believe the partnership is good—between the new ministry and the education community. During my round tables and during my consultations, a lot of parents across the province, parents of children with special needs, told me, "Just when you finally get a hold of what is out there, my kid enters school and then we start all over again." So we need a smoother transition for special-needs children, and I'm not even going to pretend to say we're there yet, but this is a first step toward that.

I'm going to be honest here, Mr Jackson. I'm going to see how this works out. If this works out really well, we can do this with other children with special needs too. If this doesn't meet the needs of children—I don't think that's going to happen, but if it doesn't—I'll look at that openly and honestly and see what else we can do for those children. But this is what I was advised was a need. This is what I know was a need, from my experiences across the province.

The Vice-Chair: We're actually two minutes over on this cycle.

Hon Mrs Bountrogianni: If that response isn't enough, I'd be happy next week—

The Vice-Chair: Thank you very much, Minister. We are a couple of minutes over. It's now to Ms Martel. You have 15 minutes.

Ms Martel: I just want to ask some general questions before I ask about the Ottawa negotiations. Is your ministry operating under any financial constraint from the Ministry of Finance at this point?

Hon Mrs Bountrogianni: What do you mean by "constraint"?

Ms Martel: Do you have to meet a 3% reduction, a 2% reduction? Are you anticipating being told you have to reduce your allocations to some of your transfer payment agencies in this fiscal year?

Hon Mrs Bountrogianni: As you know, the first year I did not have to find those savings. I'm going to let Bohodar answer that question.

Mr Rubashewsky: At this point, we haven't had any in-year constraints or targets applied to any part of our budget.

Ms Martel: For fiscal year 2004-05?

Mr Rubashevsky: For 2004-05.

Ms Martel: Have you been told anything about fiscal 2005-06?

Mr Rubashevsky: No. We're just about to begin what is now termed the results-based planning process. Instructions have not been issued as of yet and the process has not commenced.

Ms Martel: So no transfer payment agency out there should be thinking that the rumour that there will be a 3% reduction in allocations to them is true?

Interjection.

Ms Martel: That's why I'm asking. Is there any chance that the CAS is going to get—you're not contemplating any reduction to any of the transfer payment agencies, CAS included?

Hon Mrs Bountrogianni: That's right.

Ms Martel: Great. Let me follow up with the CAS and then I will see if we have time for child care. We talked about the CAS last week; it was in the context of other questions. It looks like there will be about an \$80-million shortfall this year, which is going to be another significant shortfall that the ministry will be looked to to cover. I'm not sure who you want to bring up. I'm sure you want to bring someone up.

Hon Mrs Bountrogianni: I might be able to answer.

Ms Martel: OK. How are you going to deal with that? You have a number of discussions that are going on, a number of reviews and recommendations, but the first thing you've got staring you in the face is an \$80-million problem that's going to become a significant problem by March 31. Does anybody want to tell me how the ministry is looking at dealing with that?

Hon Mrs Bountrogianni: I'll just begin generally, and then I'll hand it over to my team here. As I mentioned the very first day, it is an unsustainable system. We have to grapple with the system. At the same time, I'm taking my time doing this by having a review with Bruce Rivers, who is welcome to come up as well. As you know, these are sensitive issues. I don't want to make any changes that lead to the opposite of what child protection services are for, and that is, children at risk, so we have to look at this very carefully.

But definitely I am working with the children's aid societies to grapple with this. Number one, they are aware themselves that this is not sustainable, but they also brought forward reasons why they had deficits in the past, and even this year. They are doing things in services and paying for services and they have said to me, "There is a paucity out there in the system," and therefore they have to fill in—mental health and other services. Of course, we are hoping that, by starting to invest in those services that were underfunded, that will affect the child welfare sector. At the same time, though, these are huge pressures and we have to grapple with them.

First of all, we're changing the funding formula so they're not going to be solely funded on how many kids they take away. I'm not being judgemental in saying that's how they sort of plan—"Let's take away as many

kids as we can to get more money"—but that is the system. So we are definitely going to change that.

I don't know if Bruce Rivers wants to come up and talk about the other areas, because we did do a review and we are implementing the recommendations.

Ms Martel: I wanted to get some clarification, because I'm not clear on how many reviews were going on and what the difference between that work would be. Is that what you're calling the transformation agenda? Are those the recommendations from the child welfare secretariat or is that a whole different set of recommendations that are coming?

Hon Mrs Bountrogianni: There are two different ones. One was done and the recommendations were given to us—and now, Trinela, maybe you could—

Ms Martel: OK, can I get some clarification? Because I don't pretend to understand the differences between the two and where the processes are at.

Hon Mrs Bountrogianni: Fair enough.

Ms Cane: If I could just clarify, about two years ago, a project was undertaken called the child welfare evaluation, which looked at the child welfare program. It was led by Lucille Roch in the then Ministry of Community and Social Services. That was a very collaborative process, working with children's aid societies and key ministry folks to come up with a series of recommendations, 37 in total, which dealt with about seven key themes that needed to be addressed as part of what would need to be a very significant child welfare reform.

That report was issued around this time a year ago and, subsequently, we were successful in retaining Bruce Rivers to come and lead what we're calling the child welfare secretariat, which is, in fact, tasked with implementing the 37 recommendations identified, but also other proposals that may contribute to a broader reform in this sector. Does that clarify, Ms Martel?

Ms Martel: So essentially, that has been produced and Mr Rivers is implementing those recommendations. The ministry has made a formal announcement that you're committed to all the recommendations and trying to implement them, or is there a sense that some are acceptable, some are not?

Ms Cane: We've indicated that we are accepting the recommendations in principle. There are a number of recommendations, which have fairly significant cost and other implications, that we will need to examine more carefully. That, in part, forms some of the work that Mr Rivers is undertaking for us.

We believe the recommendations made as part of the review are in absolutely the right direction, but some of them may take some time. This is a very significant reform that needs to take place. It does take time and a number of years. It will take some key investments in order to achieve the results we're looking for.

Certainly in principle, we support all of the recommendations. Bruce particularly, given his work both nationally and internationally, also has some other ideas for the types of reforms that would actually be quite complementary to those recommended as part of the child

welfare evaluation. So we're intending to come forward to the minister with what should be a very comprehensive package of reforms for her review in December.

Ms Martel: How does that tie in with the changing of the funding formula? Was that part of the recommendations from Lucille's review then?

Hon Mrs Bountrogianni: I believe it was. It was also something I heard from my consultations with the sector.

Ms Martel: Right, and how does that then deal with the commitment that was made by the former government when they implemented the changes to tell welfare there would be a review of the funding framework and its benchmarks? Where does that fit here? Does it fit any more?

Hon Mrs Bountrogianni: I believe that will be reviewed in 2005. Is that what Ms Martel's asking?

Ms Cane: Actually, it is. Just to be clear, it was one of the major themes from the child welfare evaluation, as you can appreciate: the funding arrangements themselves and the funding formula. Over the past number of years, the funding formula was, in fact, based on 1997 benchmarks which, Ms Martel, I think is what you're referring to. It did create considerable difficulties for the various agencies operating against what we know were outdated benchmarks and trying to provide the types of services required in the past couple of years related to our own cost-management strategies.

In conjunction with our agency partners, we have actually looked at the funding framework and provided opportunities for more flexibility in how the money is allocated. For example, in some areas, we have moved to block funding so that agencies have more flexibility in terms of how they use their dollars. We've also provided some—I shouldn't use the word "incentives"—opportunity for agencies that have been moving in the right directions, and these are directions that were identified as part of both the child welfare evaluation and the very incredible work that other jurisdictions are doing. Our interest was in recognizing those efforts as part of the funding framework and building appropriate recognition of their efforts moving in those directions.

So we have moved in the past two years to a much more flexible approach to the framework. We have moved beyond the actual benchmarks from 1997 to more accurately reflect actual costs that agencies are incurring.

1740

Ms Martel: Is that what's driving up the deficits for this year?

Ms Cane: I think it's safe to say there has been a fairly significant pattern of deficits over the past number of years. I think the costs are driven from a variety of directions, some quite obvious in terms of the overall socio-economic situation in the province of Ontario.

I should note that the trends we're seeing in increased volumes are particularly in the areas of emotional maltreatment and neglect, as well as increased reporting in the area of domestic violence, which I should note are intended policy consequences of directions that have been taken and, if I could comment, certainly are not

only well-intended but very appropriate under the circumstances. Those also have driven costs up because volumes related to those areas have also increased. This is exactly the same type of situation that we're seeing in jurisdictions across North America and in fact the world, related to child welfare. Increasing trends in reporting was an intended policy consequence

We are also wrestling with a number of other issues in the child welfare sector, not only relating to the overall socio-economic situation but relating to what I would describe as very intense media scrutiny and inquests, coroners' inquests and other types of inquiries that have looked at the treatment of children and results of situations that have transpired and resulted in quite a number of recommendations. I think that, combined with what is a considerably litigious trend, has made not only our workers but our agencies quite risk-averse.

In addition, when we're facing a fairly young workforce in child welfare, there is significant turnover in this sector, as we've noted in other sectors, including children's mental health. I think when you have young workers in a very risk-averse situation, with a very important and difficult mandate to exercise, all of this does result in some trends that increase volumes and the amount of work coming to the doors of CASS.

Ms Martel: Will it require a change in legislation?

Ms Cane: That is something that is part of Bruce's work. He's currently looking at what legislative changes may be required as part of the work he's doing, not only related to the funding framework but some of the other pieces of his work. In addition, we're also looking at what regulatory changes to the Child and Family Services Act might be required, as well as what changes can be made with changes in policy direction, and other direction to the field.

Ms Martel: But you'll be in a position of maybe bringing legislation forward in the spring, and a deficit situation in front of you, so I think you'll be in no position but to deal with that deficit situation unless and until you have some new changes that a new framework for funding would fit into.

Hon Mrs Bountrogianni: It's a challenge. At the same time, I have to respect the process. We have a process in place, and I know Mr Rivers' report will be very helpful. At the same time, I have to respect the fact that it's children's lives we're talking about, so it's worth taking the time. It is something that the children's aid societies also acknowledge has to be grappled with.

Ms Martel: Will that package also include changes with respect to access orders and adoptions, or is that coming in a different piece of legislation?

Hon Mrs Bountrogianni: It's going to be part of it.

Ms Martel: And you are looking at other jurisdictions that are more successful in adoptions provincially?

Hon Mrs Bountrogianni: Absolutely.

Ms Martel: OK. One final question, and it has to do with aboriginal agencies because there is a very good working relationship, obviously, in our own community with the First Nations on Manitoulin Island, but there

certainly is a goal and a view and a vision and a hope that, at some point, not only that group of First Nations but others across northwestern Ontario will be able to form their own protection agencies. I don't know how that fits into the package that came forward, if there were any specific recommendations with respect to aboriginal child protection agencies and the development of the same. Is the ministry looking at that, and what are the potentials and how would you fund that or look at that as part of legislation that's coming forward?

Hon Mrs Bountrogianni: I'll begin, before I turn it over the ministry. As you know, we did open the native children one in Toronto, and I have met with First Nations chiefs in Manitoulin and surrounding areas and they brought me that request. First of all, I respect their request and I understand the cultural issues. As minister, of course, my main concern is the safety of children, and all the standards that were met for the Toronto First Nations children's aid have to be met across the province. In other words, the kids have to definitely be safe, at the same time as respecting the cultural issues.

I've not committed to opening any other ones, but I have committed to the First Nations chiefs that I will be looking at it very carefully and that if we can ensure that the same standards and the same process—they want this too. They want to ensure that the change to First Nations children's aid will keep their children safe. They told me stories that, quite frankly, embarrassed me as far as some of the things they have to go through as a society are concerned.

I'm going to turn it over to—

The Vice-Chair: Briefly. You have one minute left, and if you could give your name for Hansard, I'd appreciate it.

Mr Dan Lafranier: I'm Dan Lafranier, regional director for the north region.

I'll just give you a little bit of background in terms of Manitoulin Island. The agency that's on the island is Kina Gbezhgomi, and as a ministry we have had a relationship with this developing agency for over 10 years. Part of our work with the agency—we provide over \$1 million in funding—is to do with child prevention programs, which is really an investment in those communities around recreation programs for children in a way to divert the programs from needing to become involved with child protection in the more intrusive end of the spectrum.

I say that because I think it's an important starting point—a foundation of organizations interested in expanding their mandate. We've had a long and very successful experience as a ministry in working with agencies like that.

Over the last number of years, they've clearly expressed an interest in proceeding down the road of gaining more and more control over delivery of services for their children. We've shared their interest and shared that direction with them. I think the interest we have as a

ministry is in ensuring that we do that carefully, that we do that in a way that makes sure they have the capacity to not only deliver child prevention programming and supports and services, but so that they have a sustainable infrastructure in the longer term to make it work.

We've had a lot of recent conversations and discussions with them around putting a multi-year plan together so that we can work through this together in a multi-year way. Without understanding the end date or how long this is going to take us, we both appreciate that it's going to take a while to get there. So there's a question of what I call multi-year investments, issues like service delivery, the accountability mechanisms they currently have with the funding we have. Is that working well? Are we getting the best services for children with our current investment, understanding that's a very important foundation for the more intrusive or the harder end of the spectrum on child protection?

We're working with them in developing protocols with the local children's aid society in Sudbury so that while we have that relationship we're not missing the point that there is a need for child protection support in those First Nations communities, and we want to make sure that's working well. So we have protocol agreements between the children's aid society and themselves so they share and have an understanding about how that's going to work around the decision-making that's happening in those communities, the chief and council and the organization, and how they're engaged with the society in Sudbury to make sure it's done in a thoughtful and planned way.

The issue there is really one of involving them. We try to do it through a formal protocol, but those discussions are always ongoing. I think it's fair to say that that relationship has been around for some time and continues to exist.

The Vice-Chair: That's a long answer. Thank you very much. It's actually a very interesting answer as well.

Procedurally, it might be simpler to adjourn, but we're waiting to see at the five minutes, when it comes up—it'll probably be about three minutes. I would look for indications, but I would like to move that this committee stand adjourned until tomorrow and we'll pick up with the Liberal rotation on this 15 minutes.

Ms Martel: No, next week.

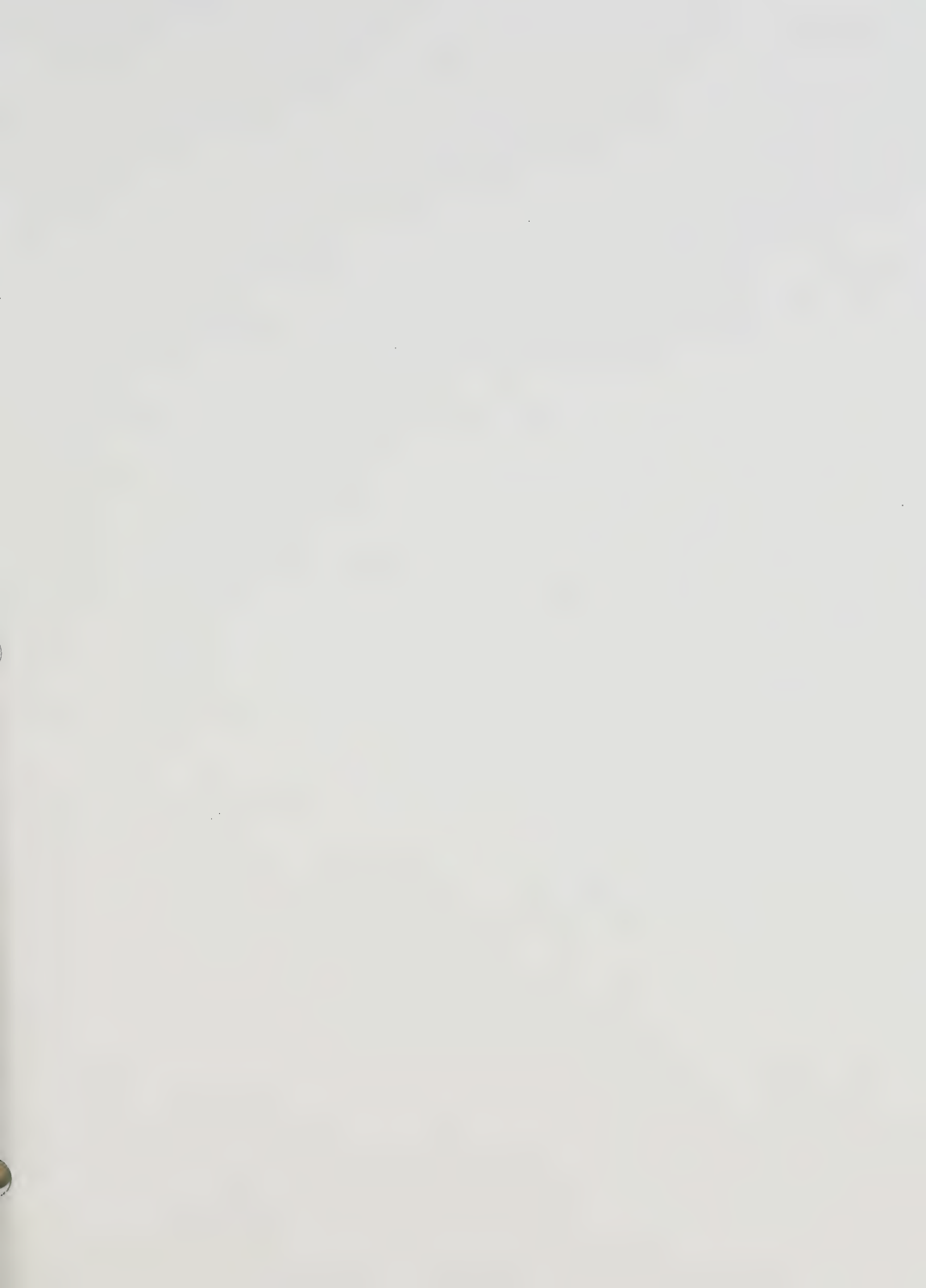
The Vice-Chair: Pardon me; next week. It's a good thing I have administrative support on this job; otherwise, I'd be in some trouble.

For the record, there's about how much time left? I've asked the clerk to handle that.

Interjection.

The Vice-Chair: There is just under two hours remaining, and November 16 is the next day this committee will convene. Thank you very much for your time today.

The committee adjourned at 1748.



CONTENTS

Wednesday 3 November 2004

| | |
|---|--------------|
| Ministry of Children and Youth Services | E-313 |
| Hon Marie Bountrogianni, minister | |
| Mr Bohodar Rubashewsky, assistant deputy minister, business planning and corporate services | |
| Ms Jessica Hill, deputy minister | |
| Ms Trinela Cane, assistant deputy minister, policy development and program design | |
| Ms Deborah Newman, assistant deputy minister, youth justice services | |
| Mr Dan Lafranier, regional director, northern regional office | |

STANDING COMMITTEE ON ESTIMATES

Chair / Président

Mr Cameron Jackson (Burlington PC)

Vice-Chair / Vice-Président

Mr John O'Toole (Durham PC)

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge L)

Ms Caroline Di Cocco (Sarnia-Lambton L)

Ms Andrea Horwath (Hamilton East / Hamilton-Est ND)

Mr Cameron Jackson (Burlington PC)

Mr Kuldip Kular (Bramalea-Gore-Malton-Springdale L)

Mr Phil McNeely (Ottawa-Orléans L)

Mr John Milloy (Kitchener Centre / Kitchener-Centre L)

Mr John O'Toole (Durham PC)

Mr Jim Wilson (Simcoe-Grey PC)

Substitutions / Membres remplaçants

Ms Shelley Martel (Nickel Belt ND)

Mr Ernie Parsons (Prince Edward-Hastings L)

Mr Lou Rinaldi (Northumberland L)

Clerk / Greffier

Mr Trevor Day

Staff / Personnel

Mr David McIver, research officer,
Research and Information Services

26
7



E-15

E-15

ISSN 1181-6465

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Tuesday 16 November 2004

Journal des débats (Hansard)

Mardi 16 novembre 2004

Standing committee on estimates

Ministry of Children
and Youth Services

Comité permanent des budgets des dépenses

Ministère des Services
à l'enfance et à la jeunesse

Chair: Cameron Jackson
Clerk: Trevor Day

Président : Cameron Jackson
Greffier : Trevor Day

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 16 November 2004

Mardi 16 novembre 2004

*The committee met at 1528 in room 151.*MINISTRY OF CHILDREN
AND YOUTH SERVICES

The Vice-Chair (Mr John O'Toole): The standing committee on estimates will resume the hearings. Just for administrative information, there are two hours and three minutes left, total time. We start with the government side. They have 15 minutes left in their last rotation.

Mr Cameron Jackson (Burlington): On a point of order, Mr Chairman: Could we have an update on the material, the questions that were placed for them back in October? Could we have the responses, please?

Ms Jessica Hill: We have some of the responses that we are going to provide at the end of today's session, and then some are still under development.

Mr Jackson: Which ones can you present to us now?

Ms Hill: I would have to go through the list to identify them.

Mr Jackson: That's how the process works, so it would be helpful if we could have those now.

Ms Hill: OK. We understood from the Clerk's office that we had till the end of the session to provide them. Perhaps that's incorrect.

Mr Jackson: I'm getting a negative nod from the clerk.

Ms Hill: OK. Why don't we give you what we have now, that we can share.

Mr Jackson: That would be helpful. Thank you.

Ms Hill: I understand the material is just being photocopied, so it will be here shortly.

Mr Jackson: Thank you.

The Vice-Chair: In the interim, perhaps we'll commence with the government side.

Mr John Milloy (Kitchener Centre): Thank you again, Minister. I guess this is your final day in front of the committee.

If you remember way back to our last session, I reminded you of the lunch you came to in my riding with a number of the different stakeholders from throughout the community. We talked about the children's treatment centre. There was another group that was represented there, and that was the representative from the Early Years centre.

Like most MPPs I'm sure, I've had a chance to visit the Early Years centres, both in my riding and also in the

neighbouring riding of Kitchener-Waterloo, and have seen very impressive work. Ours is located actually in a former elementary school and has different rooms devoted to different stations for parents with children of different ages and different needs to come in to go through a variety of programs. The morning I visited, I was quite impressed. I got there quite early and within a few minutes there was a sea of children and parents coming in from throughout the community, and it obviously seemed to be a very popular organization.

I remember the day of the lunch you had actually gone for a visit and a tour of the Early Years centre in my riding. Subsequent to that, my understanding is that you're doing a review of the Early Years centres and how they fit into the plan. I just wanted to ask you what it is you're looking at, how you see them fitting into the overall plan of your ministry and sort of where we're going from there.

Hon Marie Bountrogianni (Minister of Children and Youth Services, Minister of Citizenship and Immigration): Actually, I was quite impressed by your Early Years centre because it was a relatively new one. I was impressed with the amount of activity and the programs that were set up in a relatively short period of time.

The other thing that impressed me was the wide range of clients the Early Years centre was serving. There were low-income people as well as people who were both working and wanted to have a place to come in after hours and have resources for their children. It was actually very interesting. There were cooking programs for people who needed to learn more about nutrition, and that was very impressive too. I was actually quite impressed with your Early Years centre.

When I was first asked to create this ministry, I said, "OK. This is the time to evaluate what's already been going on." There is a review that is being completed right now and the results of that review will be integrated into our Best Start plan, which will be announced hopefully before Christmas, but definitely by the new year.

There are some difficulties with some of the centres across the province. For example, the dissemination of the one per riding is very generous for some areas of the province; for example, Hamilton has five and Ottawa has seven. But then for other areas of the province which are really large in geographical nature there's one. Some parts of the province have managed to address that

challenge through satellite centres and others have not. We basically have to ensure that good programming occurs in each of these centres. How that will happen and how that will be integrated into our Best Start plan will be announced in short order.

Mr Milloy: I have to confess to a degree of ignorance about the Early Years centres across the province and how they work. As I said, I visited mine on a full visit and then the neighbouring one was actually a physical visit. I went there for an event after hours. Is the programming that I saw in my centre duplicated in all the other centres, or how much autonomy do they have for putting together the programming?

Hon Mrs Bountrogianni: They're quite different across the province, and that's not necessarily a bad thing. If it fits the needs of the community, that's excellent. However, we have to also remind ourselves why they were instituted. They were instituted because of Dr Fraser Mustard. Some of them do a very good job of implementing Fraser Mustard's ideas and methodologies, and others don't. So we have to look at that as well.

The Vice-Chair: Mr Parsons.

Mr Ernie Parsons (Prince Edward-Hastings): It isn't that many years ago, I think, that children were in some ways regarded as chattel. They did what we told them to do, and it wasn't that important.

I can recall many years ago, running for local election, knocking on the door where a home was providing day-care for 19 preschool-aged children, only it wasn't day-care; it was warehousing of children. I was shocked and dismayed.

I'm certainly seeing a different attitude in our society, and very reflective of that is the fact that you're the first minister who is devoted to children and youth; it's not an add-on to another thing. We've recognized the value of that.

We know that lawyers are important—and doctors and engineers and so forth—and so they have a professional association. But early childhood educators, who have a profound effect on our children and on our future society, have no college at this moment. They have no professional organization.

If I recall from the media, when you were in Guelph last summer you shared some thoughts about a college for early childhood educators. I wonder if you could tell us a little bit more about that.

Hon Mrs Bountrogianni: Absolutely. It's very important that we have a college of early childhood educators. What can be more important than the professionals who are taking care of our children at the most influential time of their lives? They do excellent work, but there is a credibility issue without a college, without a regulated body.

There are two ways to become an early childhood educator: One is through the community college process—it's a two-year diploma—and the other is a four-year degree program. They both provide excellent roles for the children, and we really value both streams. However, without a college there's not only a lack of protec-

tion for the public, but there's also a lack of credibility for the profession. Just like the College of Psychologists of Ontario went through this—all the professions—we believe this is an important enough job that these professionals also have to be regulated and given the credibility they deserve.

I believe that's part of the reason—and I know there are historical factors—why their wages are so low. When wages are low, you have high turnover, and when you have high turnover, it affects the consistency of the programming and it affects the education the children are getting.

We will address this as part of our Best Start plan, and you'll be hearing more about that in the future. We said we would do that, and we are going to do that, clearly.

Mr Parsons: I'm pleased to hear that, because I think that over the years, as our children went to preschool programs, there was a tremendous turnover in staff, as the pay simply didn't reflect the value of their work. I have a sense you're saying that the pay will increase, which is better for the children.

Hon Mrs Bountrogianni: And, Mr Parsons, we have already provided some wage subsidies with the \$58 million we gave this year as well.

Mr Parsons: Yes. Is there any other effect that you think it will have on child care? Will it encourage more people to go into the profession? How will it affect those who are currently in it but perhaps aren't as qualified as we'd like?

Hon Mrs Bountrogianni: That's a very good point. As you know, two weeks ago I was at the FPT in Ottawa for the national child care program that will be implemented by the federal government and the provinces. If indeed this comes to pass, we will need many more teachers, and we have to make the profession a little more attractive than it is right now. The college will be the first step to that, and after the college is implemented, we will really use this source, even more than we're using it now, to develop appropriate curriculum for the ECES and for child care centres.

I don't want to downplay at all the importance of a child care centre as it is today. Play is important for children. Some centres have excellent programs, but there is guidance that could be added to what is being offered now. The Day Nurseries Act is very old and basically deals with the physical situation—the built environment—and the ratio of adults to children and teachers to children. It doesn't deal as much with the appropriate curriculum and other aspects of the program. We've come a long way since the 1950s, so we need to look at that again.

Mr Parsons: That begs my final question: If you're going to implement this change, is it fair to say you'll be reviewing the current standards? Is that 8-to-1 ratio correct; should it be higher or should it be lower?

Hon Mrs Bountrogianni: That would be the Day Nurseries Act, and I believe it's a sensible step to have the college implemented first, and have those professionals, as a new regulated body, inform us for any other

changes. Whether the latter will happen in this mandate or not, I can't say right now, but definitely the college will be developed in this mandate.

Mr Parsons: As one who uses the services and who has been around children, I think it's a great goal.

1540

The Vice-Chair: Further questions on the government side?

Mrs Liz Sandals (Guelph-Wellington): Minister, I was fortunate enough to have you visit Guelph, which Mr Parsons has referred to. We visited a number of places that day. One was the Shelldale Centre, which I think is quite an exciting project, where a number of community and social services have all come together in one building, one hub: a health unit, family and children's services, social services, some children's mental health and community mental health services, some school readiness programs—a number of things. While the focus of that is broader than just children, certainly programming for children and parents is a big part of what happens in that centre.

One of the exciting things about the creation of your ministry is that rather than having all these services parked in a number of different ministries, you now get to look at a whole lot of services that are available to children and look at the integration of those services. I'm wondering if, after that visit, you've been able to give any further study to the sort of model where we bring services together, and if there's any possibility that we could be looking at that further?

Hon Mrs Bountrogianni: Absolutely. I've travelled across the province and have seen some amazing best practices. But sadly, I've seen some areas that are badly in need of not only resources but integration of resources. Yes, yours was one area where I was incredibly impressed by the integration of resources. Brantford was another area, quite frankly, where I was extremely impressed by the integration of services, and Peel is another. But there are parts of this province that aren't as fortunate. So we have to bring more consistency across the province.

The first steps of integrating those services occurred with how we are spending the \$58 million from the child care money of the multilateral framework this year, before this new agreement is even signed; that is, we asked the communities, the municipalities, to prefer to house these new spaces in or around schools, precisely because of the integration of services. The integration of services and resources is certainly one of the things I looked at while I was developing, and am continuing to develop, our Best Start strategy. I think you'll be very happy with what you see there in the future.

Mrs Sandals: Another group we visited with that day was the community mental health providers. I know, in my riding at least, that one of the areas that has been traditionally underserved is supports for children's mental health. I wonder if you could give us some indication of what you're doing to address children's mental health issues.

Hon Mrs Bountrogianni: In our budget in the spring, we increased the children's mental health portfolio by \$25 million, and that will grow to \$38 million next year. Approximately half of that went to a 3% wage increase and the other went to community planning tables in order to bring better-integrated and more services to the community. Those proposals are now coming in, and we hope to implement those services very soon as well. I wanted to get communities, particularly those that didn't have integration of services, to think a little differently about how to deliver services, as well as increase the services.

We hear some amazingly great things that are happening in some communities and then we hear some things that would just make you shudder, without naming any community—I don't think that's important right now. There are historical reasons why these inequities exist, and we need to fix those inequities. For example, there are some communities where there is a disconnect between children's mental health and the school system. I think I've said many times before, even in this committee, that that is the nightmare of any parent who has a child going into a school system where all of a sudden there isn't that seamless transition, there aren't the resources in the school system.

Even though the special education budget is quite huge in our province, the fact remains that in some parts of the province children are asked to stay at home because they don't have the type of resources that are needed. So we have to look at better integration of services. It's like the professionals are there, the schools are here and we've got to get them a little closer together in some communities.

I don't want to paint everyone with the same brush. There are some champions out there that we're learning from. We don't have to reinvent the wheel here. We just have to learn from each other and implement the really good programs.

The Vice-Chair: It's exactly the right time, so now we will go on the 20-minute rotation, and we'll start with the official opposition, Mr Jackson.

Mr Jackson: How's the photocopying coming?

Perhaps I could ask Mr Bruce Rivers to come forward so I can ask some questions about children's aid societies.

Mr Rivers, you're no stranger to the CAS movement in the province. I'd like to welcome you here with your new responsibilities, and I wish you well.

Mr Bruce Rivers: Thank you.

Mr Jackson: I'm interested in discussing, in part, of course, the review on the child welfare program evaluation that is part of your review, I suspect. There were some interesting observations made in the report. It was tabled very soon after a change in government. It's my understanding that you're responsible for a secretariat that is reviewing the recommendations, with tabling a report this December for the minister's consideration on areas for reform and change; is that correct?

Mr Rivers: Perhaps I could provide some background.

Mr Jackson: Please.

Mr Rivers: Bruce Rivers, child welfare secretariat. Actually, it was previously referenced the child welfare program evaluation, which was commissioned by Management Board in the fall of 2002. It was completed in June 2003. A report was released in February of this year and it contained about 40 recommendations focused on areas of child and systems outcome, integration, accountability and efficiency.

That report was very well received both within the ministry at the time and also within the field of child welfare. It affirmed many of the strengths that had been evident over the last couple of years within the sector, but also some of the unintended consequences of the previous reform.

Just by way of background, there were some steps taken to deal with what I would call a lack of focus on child safety with the previous reform with the introduction of changes to legislation to focus more clearly on every person's duty to report, introduction of risk assessment tools to assist the field in the work they do at the front end around assessing risk to these children who require child welfare intervention, as well as the introduction of a new funding framework.

Typically, if you look at change within child welfare over the years, it's been driven very much by significant events. We know that the events of various inquests over the mid- to late 1990s played a significant role in the reform that did take place.

The new ministry, in April of this year, giving life to its intent to move forward on those various recommendations—and by the way, there were about 40 of them that came through that evaluation report—announced the establishment of a child welfare secretariat. I accepted a secondment at that time and over the first couple of months built a team that would bring people from the field with expertise in the area of investigation, foster care, adoption and financial planning and delivery, as well as policy acumen from within the ministry itself and legal advice.

1550

We also have developed advisory mechanisms to the Ontario Association of Children's Aid Societies and the native/aboriginal association. We also have direct links to MAG, Legal Aid Ontario as well as the Office of the Children's Lawyer. We also this afternoon have a youth engagement session. So we're into a very broad process of consultation.

The first-year deliverable is that we would bring forward a policy framework that would help to achieve better child welfare outcomes supported by a sustainable funding approach, and this, as the minister so clearly stated in her opening comments, grounded in a research and evaluation capacity and agenda that in the past has been lacking. The first thing that the team, in consultation with various stakeholders, has done is identify, of those 40 recommendations, those that would hold most significant promise for change as well as sustainability into the future.

One of the first things we did after pulling the team together was to conduct a jurisdictional review, and we've taken a look across Canada as well as into the US and other parts of the world as to what other jurisdictions have done when faced with similar opportunities, because Ontario's situation is not unique. We were looking for a magic solution. There is none out there. There's no panacea that we can depend on, but certainly with the experience that we have in Ontario, building on the momentum that's currently evident as well as what has worked in other jurisdictions, it's focusing on several key areas at the same time and sustaining that from a policy perspective and practice perspective that will make a difference for the children.

The seven areas include the following, first of all, looking at the front end of the child welfare system: What, if anything, can we do differently with the calls that are now coming to our attention? We know there's been a dramatic increase, for example, in the area of domestic violence referrals to children's aid societies. There's been overall a dramatic increase in the number of cases referred. And this is a good thing. It was an intended consequence of the earlier reform, but what we need to do at this point is to step back and look at how we might deal more wisely with some of those cases. What flexibility could we provide for children's aid societies to respond more effectively? What might we do to leverage different relationships between children's aid societies and other agencies in the community regarding the integration agenda? So that's the first area of focus.

The second area is permanency. You've heard comments related to adoption previously. We're also looking at, wherever possible, providing flexibility so that children can be placed with families. And there are different approaches in various jurisdictions that have been quite successful in this regard—so we're looking at removing those barriers legislatively or otherwise—that might help further that goal of placing children with families wherever possible.

The third area is court processes. We live in a very litigious society and we know that courts are not always the best place to make decisions about children's lives, so we're looking at issues of alternative dispute resolution, mediation and such.

The fourth area is outcome and research. We sit today with changes that were implemented previously and we don't know the difference that those have made, so we need not to repeat that. We want to ensure that if we do introduce any changes, we attach to that an evaluation and research framework.

Accountability is the next area of focus. There have been over the years a number of review and accountability mechanisms introduced with children's aid societies. There are currently about 16 of them, and we need to step back and examine which of those focus on what we want to achieve with the children. Are they helpful today? Where can we streamline those accountability mechanisms?

The next area is what I would refer to as a single information system. There are 53 societies, about seven

or eight different computer systems across the province, and we're looking at what we might achieve in terms of efficiency if there were one approach to computer systems.

Finally, the funding framework: The current framework is rather prescriptive and restrictive. With a step back, one needs to ask questions related to things like, is there an opportunity here for greater innovation and encouraging children's aid societies to reach the goals that I have previously mentioned around differential response and permanency, as well as multi-year funding.

Mr Jackson: Perhaps we can look at a couple of those that you've referred to. You've identified—and I've read the report—issues around legal barriers to adoption and the disposition of certain cases.

I notice we've had a 75% increase in the number of crown wards, yet the adoption rate is slipping. My first question would be, has the trend continued since the report? My second question would be, if the gap is growing, what intermediate steps are we providing to assist here?

Mr Rivers: The ministry took immediate steps following that evaluation to provide extra incentives for children's aid societies to consider adoption for children where they're legally free. There have been adoption incentives provided across the province and, in response to those incentives, a dramatic increase in the number of children who have moved on to adoption. However, we have not been able to keep abreast, in our view, of the number of children who ought to move on to adoption. That's why, through the child welfare secretariat, we're looking at other barriers that might exist.

Mr Jackson: Might I explore this idea of incentives? My understanding is that we are doing a general averaging provision with the funding so that, depending on the placement of a child, you will provide additional funds, whether it's for foster care or adoption versus some sort of residential institutional care. Is that formula still in place?

Mr Rivers: I'm sorry, I don't—

Mr Jackson: Perhaps you can tell us what the incentives are. I think I understand what they are, but perhaps we should put that on the record.

Mr Rivers: It was actually to increase the number of children who would move on to adoption. Targets were set that those numbers would increase, for example, by 10%.

Mr Jackson: That's a target. That's not an incentive. "Incentive" usually means there's more money for your agency if you will get more kids through the system and adopted. That's my understanding of "incentive." My understanding is that there's a differentiated daily rate for outside residential placement; correct?

Mr Rivers: There is but, as I understand it, that wouldn't relate in any way to any incentive that would be provided to the society for adoption placement.

Mr Jackson: It shifts your choices if you can pay a lower per diem rate for foster care than you would for institutional care; correct? That's how I understand the system is working now.

Mr Rivers: Yes, it would.

Mr Jackson: You used the word "incentive." I'm just trying to determine what an incentive is. Otherwise, it's a target. These kids are targeted for adoption, which is fine. But what do you mean by an "incentive?"

Mr Rivers: The target was set—

Mr Jackson: I've got the target. I want to know why you're using the word "incentive."

Mr Rivers: —and for those agencies that were able to meet and exceed that target, there was also an incentive of funding that could be used to reinvest to further buttress the adoption program.

Mr Jackson: Where have those investments occurred—additional staff? Or are we providing additional supports to families who adopt difficult kids?

Mr Rivers: I can speak more clearly to that issue if I refer to my previous experience at the CAS of Toronto. Unfortunately, I don't have information available to me that's province-wide in that regard.

Mr Jackson: But you are doing the review, and your secretariat is providing the bonus money for CASs.

Mr Rivers: No, sir, we're not providing any bonus money. I was just referring to previous ministry action taken when they wished to increase the number of adoptions across the province. One of the steps that was taken was to set a target.

Mr Jackson: When did this practice begin? Let me start by asking it that way. I understand it started—

Mr Rivers: In 2002-03.

Mr Jackson: So we are continuing the process?

Mr Rivers: Yes.

Mr Jackson: Do you have statistics you can share with me, including what amount of bonus money we gave to CASs that were able to do additional adoptions?

Mr Rivers: I can give you information related to the schema, but I don't have current information at my fingertips with regard to—

Interjection.

Mr Rivers: I do, actually. It was \$5,000 for the first 10%, and \$10,000 if an agency were to exceed the 10%.

Mr Jackson: Is this per child or just overall, one flat amount?

Mr Rivers: For the \$10,000 for above, the 10% would be per child. I also have figures with regard to the number of adoptions that were completed by year, if you're interested.

Mr Jackson: What would that ballpark number be?

Mr Rivers: In 2001-02, there were 567 adoptions. In 2002-03, it rose to 696 adoptions. In 2003-04, it rose to 882 adoptions.

Mr Jackson: And how far along are you with this year's statistics, with half a year at least under your belt for measuring?

Mr Rivers: I'm sorry, I don't—

Mr Jackson: —For monitoring? You don't have that statistic.

Mr Rivers: I don't have that information.

Mr Jackson: So \$10,000 times a couple of hundred children is a significant amount of money. This is being used to strengthen the adoption procedure?

Mr Rivers: It is.

Mr Jackson: OK. And so that has nothing to do with the adoptees; it has everything to do with the staff at the CAS. You're tracking where they spend the money?

Mr Rivers: Well, it would be used to buttress the capacity of agencies to attract potential adoptive parents, to study those applicants, to match them appropriately with the children who are waiting for adoptive homes, and also to support those children when they've been placed in those homes.

Mr Jackson: So the supporting of those kids could include some program support if the child was autistic or, if the child had some behavioural difficulties, there would be some additional supports?

Mr Rivers: There is currently a subsidy program in place to assist adoptive parents with children who have particular needs.

Mr Jackson: Yeah, but we've enhanced that envelope slightly is what I'm getting from you.

Mr Rivers: That would have been the individual decision, as I understand it, of the agency.

Mr Jackson: OK, but that's one place they could spend the money?

Mr Rivers: Yes.

Mr Jackson: I wanted to ask you about item one, where you identify the referral of additional child abuse cases. You talk about program flexibility. I've been working with a couple of families involved with CAS where there have been two cases, not just of the victim being a child, but of the perpetrator being a child. We seem not to have a whole lot of difficulty obtaining support programs—first of all, we have to have an assessment done. It's not hard to get an assessment done on a child who's been sexually assaulted by anyone, but there seems to be a huge problem still getting an assessment done on a child who is a perpetrator. I have concerns about that; if a seven- or eight-year-old child's involved with a sexual misconduct, they generally have something in their background and in their childhood which caused them to steer their energies in that direction. In my view, they are potentially just as important a victim in this.

I wonder if there is any tracking of this or any evaluation, because the many times they've come up—and I've been contacted by CASs—we've had to fight to get the evaluation done by various agencies. They don't really have the funds, necessarily, to do it. The CAS has the funds, but they're unwilling to pay for it, and therefore these child offenders fall through the cracks.

Is that the kind of flexibility you're looking for in your review? Is that an example of the kinds of things we might anticipate in terms of flexibility to provide funding for those kinds of programs for, first of all, evaluation, assessment and then treatment? The alternative is sending these kids to court, and that may be appropriate for a 15- or a 16-year-old. I can't be convinced it's appropriate for an eight-year-old or a nine-year-old, and I've had cases in my time here where I've had appeals. Is that the kind of flexibility we're talking about?

Mr Rivers: The situation that you describe is one where the perpetrator would also be deemed as a child in

need of protection, no doubt. Certainly it's our intention to take recommendations forward that would speak to greater flexibility around children's aid societies' capacity to engage with the community to support these children more effectively.

Mr Jackson: Am I out of time?

The Vice-Chair: Yes, we're out of time, but just make it quick then.

Mr Jackson: You've got two issues here. One is the legal barriers. In the cases I've been working with, one option is the police, because they don't have the funding. Then you throw yourself at the mercy of the court in the hopes that a sensitive judge will see the wisdom of this and direct the kid and then fight about what the court's intention was in terms of who shall pay, but at least we get the kid into care. That's a dangerous way of doing it.

So we can talk about processes, but it all boils down to dollars, Bruce, in terms of whether we're going to be able to fund these programs and not discriminate against kids based on those issues about whether they were the victim or the perpetrator. They're children nonetheless. So I'll leave that as an open-ended question. I have some other questions—

The Vice-Chair: Thank you very much, Mr Jackson. We turn to the government side in this 20-minute rotation, starting with Mr Parsons.

Mr Parsons: I'm going to put the foster parent hat on. I cannot envision being a child and being removed from the natural home and put into care. It's very difficult for them. We had a young man who was voluntarily put into our care and, in the first three minutes in our home, he did \$800 in damage. He was that angry, and I understood that. I could not picture being in his spot and having the unrest and uncertainty in his life.

They leave their homes, sometimes without notice or warning. They leave all their possessions. They leave their pets. They leave their family photographs. They leave everything. In some cases they return, and in some cases they don't and they start a new life after that.

I would add to that, we never had a child in care who didn't belong in care. What happened to them was truly in their best interests. I'm not criticizing the fact that they went to school and never returned home. In every case, that was in their best interests.

But they then enter a world where, essentially, there are two options available for them: They may return home or they become a crown ward. They become a crown ward with access or without access. If it's without access, they then become available for adoption.

The reality for many children is that they will never be adopted. Many individuals or couples seeking to adopt are looking for an infant with no medical problems, and that isn't the reality of this world. They often come as siblings, and they come with other issues and memories, so it is more difficult for them to be adopted.

I'm wondering if I could ask if you, as minister, or your ministry would consider a review. I certainly have done some very unsophisticated Internet searching, and some other jurisdictions have in-between options be-

tween staying in the foster home or group home and full adoption.

Some areas encourage kinship, and I know societies do, but sometimes with the kinship there aren't the financial resources there. For a family taking on three or four other children, it's a major financial challenge; they may not be able to. For the family that's prepared to do it, they're looking for financial assistance and they're looking for a long-term commitment of financial assistance, not a year-by-year commitment but some sense that this is going to be available till the children turn 16 or 18. I think it's an option that saves the government money, but even more importantly, it provides stability in those children's lives.

1610

There are many children in this province who are in long-term foster care, and they're in good placements. When we first started fostering 18 years ago, I was impressed with the quality of foster parents, but I'm going to say that now the quality is even higher. The training that's being offered, the support that's being provided to foster parents is second to none, in North America or even the world. But if a child's in long-term foster care, where they're not going to be adopted or maybe not adopted at that time, there's still the same process followed as if they were going to be in the foster home for three months or six months.

There's an interesting concept in some jurisdictions called guardian fostership, which says, "Look, the children have been in this home for 10 years, and they're going to be in this home four more years. If there's going to be a school trip, the foster parents can sign. A worker doesn't need to drive up to the school and sign." Where there's certainly evidence of stability and a long-term plan for them to remain, they'd move to something beyond the normal fostering, but not quite adoption.

These children need a very real sense of stability in the home. We've had someone drive in our driveway, and we've had foster children run to us and say, "Are they going to take me away?" Not that the agency was evil, but they put down roots in the place, and that's home to them.

I'm wondering if there's any consideration—maybe you're already doing it; I don't know—to looking at alternatives to the two traditional options to provide stability for children.

Hon Mrs Bountrogianni: Thank you, Mr Parsons, and also thank you for all the work you've done over a lifetime with these kids. I think we can all, together, thank you for that. I know you're very passionate about these issues.

In fact, we are looking at other models from other jurisdictions. We are looking at all sorts of models. I can talk a little bit about it. I can tell you what I've talked to the press about so far, and that is, we are looking at more flexible adoption laws. We are looking at support for adopting parents, particularly for children with special needs. We're already giving the foster parents or the group homes money for these highly special children. If

there's anything we can do to support permanency planning for these children, and if that requires some resources, we are looking at the possibility of that model as well. We are also looking at open adoption. We are looking at and analyzing all of those models.

I had a round table on adoption very soon after becoming minister, and there were people there, young people who were foster children. Every child's different. These young people had different experiences. For some of them, it was in their best interests not to ever see their birth parents again. For some, even though their birth parents were highly problematic—mental health issues, for example. There was one young lady at the round table who said, "I did not want to be cut off from my mother"—she was schizophrenic; she talked openly about this; I'm not going against her privacy—"I didn't want to be with her, but I wanted to be able to see her, and she wanted to be able to see me."

I think, quite frankly, the reason why we have so many access orders that are never accessed is precisely that. I know. I have two kids. I'm a pretty good mother. But regardless of what kind of mother I am, I can't imagine not ever seeing or contacting or being able to contact my child. I think that's what gets a lot of people: "OK, children's aid has my children, but I can't imagine the thought of never seeing them again or never contacting them again."

The children as well: It's unusual for those that aren't in this profession—it was unusual for me as I started in this profession; it's not any more, particularly in the last few years that I'm a mother—but children want to see their parents; in most cases, but not in all.

We are looking at that possibility and at different models as well. There are some models in the United States that have been quite successful in increasing the permanency planning, if not the adoption rate. We are looking at those, and we hope in the near future to come forward with those announcements.

We look forward to you continually giving us advice on that. I know that we have a pending meeting on grandparenting and kinship, and your vast experience on the ground as well as on the board of a children's aid society is rich. I look forward to working with you.

Mr Parsons: Your speaking of my long service just makes me feel old.

Just reflecting on the comments you made about access: I would not have believed this 25 years ago, but we've fostered children who've had horrible things done to them and parents who've done horrible things, yet I truly don't believe we've ever had an instance where the parents didn't, in some way, love their children. I wouldn't have believed that, but there is a love there. It's not an appropriate way to raise them or treat them, but there's this innate love. For the children who've had things that I couldn't describe done to them, there is still a love, there is still a bond there. They don't necessarily want to go back—

Hon Mrs Bountrogianni: Could I just interrupt you, Mr Parsons, for one second? Part of our Best Start plan

will be able to address prevention as well. If we truly use the Early Years programs the way they were intended to be used across the province, where there are parenting models in those programs, we could possibly prevent much or some of what is happening to some of these families so that before they get to the point where they use violence against their child, they will have the supports necessary. We're not going to be able to stop all of it, unfortunately, and that's a sad remark in today's society. It has always been that way. But the more we save before abuse occurs to them, the better—for the child and for the rest of us.

Mr Parsons: I have one more comment, and you just brought that to my mind. Many of the children we've fostered who have been abused have been abused, I'm going to say generally, by the man in the house, but the woman was there and witnessed it and at times facilitated it by taking the other children out. My first reaction was how could she, as a mother, do it?

I'm now saying that she is in most or many cases as much a victim as the children. She had no alternative to go to, she had no education, she had no financial resources, she was in a household with a very controlling individual. There was innately a good person inside there, but she had in her mind a need to keep that family unit together for the sake of the other children. So I now believe that they, by and large, are victims along with the children. Even though they may appear to be perpetrators, they're in fact victims. I would like to see some attention devoted toward supporting them and assisting them.

Hon Mrs Bountrogianni: Absolutely, which goes back to my earlier point of the Early Years centres or programs addressing that more effectively. I too, as a young psychologist, when I first started out, remember the anger I felt toward people turning the other way, whether mother or father. Quite often they are psychopathologically disturbed themselves. They so crave the attention and the perceived love they have from the other individual and they don't want to lose them that they deny anything is happening. They actually don't believe anything is happening, even though it's right there in front of them. It's still completely appalling and something we want to not only prevent but put a stop to if we discover it happening. But at the same time, we have to acknowledge that there are reasons for them, and usually they stem from their own childhoods, if I may be a psychologist for a moment.

Mr Milloy: Minister, I wanted to follow up on some of the subjects Mr Jackson raised about family and children's services. I was just trying to rack my brain to see if the representatives of my local organizations were at this famous lunch that seems to be the nexus of all questions that I ask. I'm sure they were.

I think we have an outstanding organization in my region. I imagine I'm similar to most MPPs in that I have a very good working relationship with them. I have met with their board on numerous occasions and also talk regularly with the executive director. I guess one of the

things that impresses me the most is the amount of community support for the organization. They have an annual fundraising campaign and things like that where you see a huge outpouring, because I think the community realizes what tremendous work they do.

As you know, family and children's services organizations have been under tremendous pressure over the last few years. Of course, that goes to two things: One is the issue of funding and the very simple fact that, as they have a mandate through the courts and the legal system, it's not like a home care situation where, to use an analogy, if you cut funding, they just have a larger waiting list. In their sense, they can't turn away a case because they no longer have funding. I guess the second issue is the flexibility when it comes to that funding.

One of the first things that was raised with me around the time I was elected was the simple fact that they didn't feel they had the tools to go out and try to prevent instances—sorry, I don't want to misrepresent them. They didn't feel they had enough of a mandate to go out and try to prevent instances where they felt that it could eventually lead to the removal of a child. They wanted to be able to invest more time and resources in, if you want to call it, the front end of going into situations where, for example, a teacher might say that a child was hungry or a child had confided in them some tales from their household where they felt that early intervention would keep the child in the household. Family and children's services felt that they didn't necessarily have that flexibility to put resources into that sort of prevention.

I was quite interested in the presentation that was made by—was it Mr LaJambe who made that presentation about the review that's going on? I wanted to ask you about the review, and particularly about the—
1620

Hon Mrs Bountrogianni: Mr Bruce Rivers, sorry.

Mr Milloy: Excuse me. I apologize. I was reading off the list—from Mr Rivers about the review.

Hon Mrs Bountrogianni: I'm the one with the exotic name. He's just Rivers.

Mr Milloy: I wonder if you could comment. I should add as a follow-up that I have, in recent weeks, talked to people at my local family and children's services, and they're quite excited about the review and changes that they see coming in terms of flexibility, in terms of being able to put resources into the front end, into prevention. I just wonder if you—or perhaps you want to ask Mr Rivers to provide a bit more on the technical side—would outline how the new funding formula would work. I know last week there was a suggestion that in some ways the formula almost, as it stands right now, seems to be based on the number of children who are taken into care. I don't think anyone's suggesting that anyone's going out and trying to get people into care. I think what you were suggesting is what I said, that they don't have that flexibility to invest more into prevention. I just wonder if you could comment on that.

Hon Mrs Bountrogianni: That certainly is one of the aspects that have come out from my discussions with

children's aid societies from the review, and it's certainly something Mr Rivers is looking at. I'm not in a position today to tell you what the changes will be, but that is definitely something we're looking at.

To be fair to children's aid societies, many of them went ahead and did all sorts of creative programs anyway. But then that was how the deficits were created as well. They had their operating budget based on the present funding formula, but then they also had the other things that they were doing. We have to get a handle on all of that and address it in the new funding formula. I'm not in a position today to talk about that, but we're certainly aware of that.

Mr Milloy: I don't mean to re-ask the question, but I also understand that there are different challenges that each children's aid society faces in terms of, for example, the legal system. I understand that something as simple as the way in which local courts will handle cases so that, for example, in one jurisdiction—and correct me if I'm wrong—they may say, "These are the cases on the docket, end of story. We're dealing with them on X day," and in another jurisdiction they will deal with them case by case, meaning that you have to be prepared to have your case heard. Of course, it's just sort of a rolling situation. If the case before you takes several days, you're basically tying up legal time with that. My understanding is that that may be different in different jurisdictions. I don't know if that's something you've taken into consideration.

Hon Mrs Bountrogianni: Absolutely. In fact, in my city of Hamilton, the legal costs of the children's aid society are very high. Trinela, would you like to expand on that a little bit?

Ms Trinela Cane: Yes. Thank you very much for the question.

Perhaps I could just highlight that the member is quite right: there is a tremendous amount of variation across the province in terms of how cases are dealt with. I think it's safe to say we're pleased that there is court support for decisions that are as serious as removing children from their homes. There's no question that having the requirement to go forward after a child is apprehended within five days is a very important thing, and to make sure that any situations like this are overseen by the court.

At the same time, and I think this is a piece of work that Bruce Rivers is also undertaking with his team and could speak more eloquently to the topic, Bruce is looking at the current court processes, which are not only quite labour-intensive but they're quite difficult for the children because the time elapsed often from beginning to end is quite considerable. As Mr Parsons indicated, the longer children are out of permanent placements, or forever families, as Bruce would describe them, the worse it is for them overall.

I think we have an excellent collaborative relationship with the Ministry of the Attorney General. As we all know, the judicial system itself has constitutional independence, which means that progress has to be based on collaboration and relationships.

I will also note that it is a known fact in the system across Ontario that in places where the judiciary and other court folks have excellent ongoing relationships with children's aid societies, court processes are often expedited and time-elapses and just the overall approach to the children is much more beneficial.

There are a number of facets that I've highlighted. It's a very complex situation. I think we are looking to work very closely with the Ministry of the Attorney General. They've expressed support for some of the directions we want to take as part of the child welfare secretariat.

The other comment I'd make is that sometimes when you're dealing with the court system, change can be slow, but we certainly have some support from the Attorney General himself and the ministry staff in the context of expediting court processes. As the minister indicated, legal costs are a very significant cost-driver for us in quite an increasingly litigious society. So we're looking at ways to mitigate that. At the same time, we're looking at ways to have alternatives to court processes, including mediation and other less costly alternatives to court, which are actually much better for the kids and their families in the long run. If that's helpful.

The Vice-Chair: Thank you for that. That ends this round. Now we'll start another rotation with the opposition.

Mr Jackson: If I could maybe invite Mr Rivers back again so I could continue with my CAS questions, that would be appreciated.

Mr Rivers, one of the problems that our CASs are having, as you well know, is that the government and the ministry indicated they had to present their budgets. They are funded at 95% of last year's salary, and this has put certain pressures on not only their budgeting but their expenditure decisions.

One of the significant areas for expenditure with a CAS, as you well know, is the placement of children in outside residential placements. I want to explore for a moment this whole issue around the blended rate, which I understand is \$169 a day. Is that fairly close? What is the blended rate, or does it vary from CAS to CAS?

Mr Rivers: My understanding is that it varies to some degree by region.

Mr Jackson: By region, OK. But \$170 per diem is approximate. We fund the total number of kids based on \$170 per day, regardless of whether we put them into foster care or into more expensive residential care. We work on this median average grid.

My understanding, in conversations with CASs, is that this creates some problems. As I was exploring the question with members of the ministry several weeks ago about the decline in the numbers of children in open and secure custody, those kids are still out there. They are defined as having significant mental health challenges, as most of those are truant and running risks in our court system, juvenile offenders. There's a disproportionate number of them, yet we don't seem to have adjusted the formula very much here, because the average cost can be

as high as \$250 a day for some of these children to be placed in residential facilities.

Are you monitoring the specific placements and the costs associated with them? Are we tracking the kinds of kids we're having to put into—let me reverse it. Are we tracking the number of kids we can't simply throw into foster care but for whom we have to find these programs that have a mental health component to them? Are we able to track those?

Mr Rivers: Just so you know, the CHILD WELFARE SEcretariat is focused on a policy framework and bringing recommendations forward by year-end to the minister and ministry staff. It's not responsible for in-year management of the 53 children's aid societies through the region. I just wanted to be clear—

1630

Mr Jackson: Fair enough, Bruce, but I'm puzzled a bit by that. You come with an eminent reputation, and I've known you for many years. You clearly must be observing the pathology of the budget pressures that are going on in our CASs to determine public policy shifts and changes. So you clearly must be looking at some of that.

I'm simply saying that one of the most significant pressure points that CASs are sharing with me is the fact that they have this very difficult process of being conscious of the fact that their budgets are hugely impacted by the growing number of children who require a mental health programming component to their program, when we only fund them at the \$170-a-day average. So if you could place one kid a day at \$90 in foster care for every one you have to spend \$250 on, you might do OK, but my understanding when I talk to CASs is that this is becoming disproportionately allocated, that we're getting an increased number of children with mental health problems who require this.

So that's why I'm asking you if a component of the funding formula is being considered for change, because in my view—and that's only my opinion—it has some complications and discriminatory components to it. Only you would know, if you're monitoring it, if you can wisely advise the minister of the importance of changing it. When I look at CAS budgets and I sit down with them and they walk me through it all, this is a huge piece of why they've got large deficits. That's why I'm asking you.

Mr Rivers: I appreciate your question, and I understand it. I just wanted to make it clear that the secretary's not dealing with—

Mr Jackson: You're not running the shop. You're just recommending changes.

Mr Rivers: What we do know is that the needs of youth are very complex, and you're quite right in pointing out that there are a number of youth who do require highly structured programs with various components, some of the them with on-campus school psychiatric backup.

There are some youth who need very high levels of supervision, one-on-one staffing, for example. When you

have a child with those kinds of needs, it's often difficult to find the appropriate placement.

There are also children in the care of the children's aid society who do not require that level of support. It's stepping back and looking at the needs of all the children and coming up with ways that we can ensure those needs are met in a timely and cost-efficient and effective manner.

Mr Jackson: Your mission statement is very clear. I was really asking you a specific question, if this component of the blended rate for treatment is under review. Is that yes or no?

Mr Rivers: Yes. We are considering all aspects of funding that flows to a children's aid society.

Mr Jackson: Perfect. Are you doing any investigating at all on what CASs are doing with this large cohort of children who require this service and where they are able or not able to find mental health services in their community?

The minister quite eloquently spoke in the last meeting about the \$12 million she was putting into mental health services. It's a community table where partners sit down and discuss it. In my community of Halton, they were allocated \$900,000. Most of that has gone to a pair of professionals in the two school boards. I was horrified when I found that out, not that I don't think the school board could use the assistance, but it concerned me that it worked on the presumption that all these children in school required the additional mental health supports. That was of concern to me.

There's a bit of a drought in Halton in terms of those community agencies that are offering solutions, specific case-managed recommendations on appropriate programming for some of these kids. But the bulk of the dollars that are new to the system has gone to the school board. I'm not going to editorialize on that. That's of concern to me, that we've got a \$17-billion ministry getting subsidized by this important children and youth services ministry with its modest \$2-billion budget, but that's another issue for another minister, and I'll raise with the education minister why he's relying on Mrs Bountrogianni's budget so heavily.

I want to stay focused on CASs and why these mental health—I don't want to get into why the mental health dollars are going that way. If they mutually agree to do it that way, there's not much you can say about it. But it just strikes me that we're not prescribing the fact that we should be having more of those dollars go into community placements for those kids who are at risk, who are dropouts, whom the school board has no control over. That's the group of kids that I'm finding are getting the least access to programs under the budget restraints.

Now, unless you wish to comment a bit on that—and I'm going to run out of time—can we talk a bit about the deficits for the CASs? I know that I've had comments this week—the Ontario Association of Children's Aid Societies has indicated that they ballpark that at around \$80 million. My understanding is that they have been filing their management plans with the ministry over the

course of the last week or so and that some of those budgets have been alarming. Some are coming with cuts—like Halton, they cut their budget—some have come in with the same amount, and some have come in with increases, and those plans have been sent back, according to what I'm told by the regional offices. Do you have a revised figure for the amount or the size of the deficits the CASs are showing for this fiscal year at this time?

Mr Rivers: Again, I want to preambule any comment that I make in this regard back to the mandate of the child welfare secretariat.

Mr Jackson: Well, would Trinela Cane be appropriate to respond to that?

Mr Rivers: Yes, I think so.

Mr Jackson: I appreciate that.

The Vice-Chair: There are 10 minutes.

Ms Cane: Mr Jackson, perhaps I could just take a moment to comment on your earlier question around the children's mental health planning tables, if I may, as well?

Mr Jackson: We can come back to that. I'd like to stay, in the interest of the limited time I have—I understand that the tables have to be flexible. I just lament the fact that mental health programs are still starving and the school board just picked up a bunch of paraprofessionals.

Ms Cane: Just quickly on that note, I will be part of the corporate panel that will be reviewing the reports, and none of the reports have yet been received or approved, so I'm not aware of that situation that you describe.

Mr Jackson: That's a heads-up about what they're planning to do in Halton.

Ms Cane: Thank you very much, Mr Jackson.

With respect to the child welfare deficit situation, as you know, the child welfare agencies have had considerable difficulty managing over the past number of years with respect to the services that are being provided. A lot of it is related to volume increases and a number of other factors that we identified previously. With respect to the current deficit situation, as you duly note, the various service plans are currently coming in across the province, and they are currently being analysed. I think, as you say, some were received as recently as last week. I know the regions are working very closely with both the boards of directors and the agencies themselves to see what efforts can be made to manage the budgets down where appropriate, without sacrificing the protection and safety of children. We should be in a better position within the next few weeks to know exactly at least where our forecast stands, but at this moment in time we haven't finished the analysis. And, as I say, the regional office is working very closely with each agency as we speak.

Mr Jackson: So the last best number is \$80 million?

Ms Cane: That's the number that Jeannette Lewis has identified as part of OACAS.

Mr Jackson: Well, that's not a hard number to come up with, because they've all filed their plans with you and they've got their actuals. I think part of the perplex-

ing element of this is that the volumes are going down and yet the costs are going up. So are you able to determine which CASs have stabilized their intake, those which are declining and those which are increasing?

Ms Cane: Yes, absolutely, and we're also able to identify for the various agencies their significant cost drivers in areas where deficits are existing, as well as areas where they've made significant inroads and improvements in the new directions.

Mr Jackson: Well, you mention the new directions. Bruce talked about the areas in year one, but those are barely out the door; is that not correct?

1640

Ms Cane: That's correct, but I think there's been significant signalling around the areas like adoption where we've spoken about targets that have been set to increase permanency options for children. The other thing I'll note is that a number of the agencies have been very creative and innovative in various initiatives and projects that they themselves have undertaken to in fact move in some of the directions that other jurisdictions have already moved in and that are consistent with the directions that Bruce has talked about very generally.

Mr Jackson: I want to switch over to the court processes and the observation about how litigious the system is. I've looked at some of the legal costs that children's aid societies are chalking up and what they're paying in legal fees, and it would choke a horse in some instances. Then you talk about alternative dispute resolution, an issue which I'm quite familiar with. So I want to ask you a couple of questions in terms of any dialogue you've had with other ministries, staff to staff.

The reason I raise that is that the whole issue around mediation in the court system seems to be—I'm trying to choose my words carefully; not "regressing." There was forward progress made in this general field. There were expectations there in family law and in children's services and a whole host of things. What I'm finding now is that the legal community in this province, supported by some reviews done at a high level, is indicating that a lot of the mediation activity should not occur until a prescribed period of time has passed or should be eliminated from certain types of court activity. Family law matters are part of the basket of challenges that children face when parents are separating and there are child welfare, child protection issues. Have you been speaking with the Attorney General's office in terms of what impact this may have on your reforms? I want to make sure that at least there's some pushback and some explanation about the importance of having this element of the reform advanced, as opposed to other forces who are quite set against progress in this area.

Ms Cane: I'd be pleased to try to respond to your multi-part question, and certainly would make a comment that in the work that Bruce is undertaking, specifically with respect to mediation, you have articulated I think very well precisely the issues he is dealing with. He has been in direct consultation with the Ministry of the Attorney General at the staff level and also participated

in the recent justice summit, which brings together members of the bench and bar, as well as other related ministries, to discuss issues of this type. I think the Attorney General would say that this is the forum through which effective change can be realized. I think, in the approach that Bruce's presentation took, there was considerable support in the room for it. There certainly is support at the executive level within the Ministry of the Attorney General and at higher levels of government for change in those areas.

The other comment I would make specific to your point about mediation and alternative dispute resolution—which to some extent was quite popular a number of years ago and then has sort of moved into a different type of arena where it is also becoming increasingly legalistic and in some cases is actually now being stopped by a retinue of lawyers—is that I think, as we're looking at options for children, what we want to do is not only look at the least intrusive options but, from a legal cost point of view, try to have effective use of legal resources, contained costs, at the same time. So I think we're equally disturbed by some of the trends we see in mediation, but we do have absolute support of the Ministry of the Attorney General at the staff level as we move forward.

Mr Jackson: I just hope that if there is legislation being anticipated fairly soon, we can somehow speak to that, because generally the only success I've seen with ADR and mediation—it has to be entrenched in legislation or it gets massaged and manipulated by the legal community, which has a horrendous self-interest.

Ms Cane: I think this is one of the options we'll be pursuing as part of a package of potential legislative changes related to the child welfare reforms.

The other thing I neglected to mention is, we're also intensively involved with the court backlog process with the Ministry of the Attorney General. They're expediting their processes in that regard and have asked for our assistance and support. So we'll be working together with them on that. That should help kids as well.

Mr Jackson: That reminds me of a question. I got a call yesterday from Ottawa. There was a court in Ottawa—it was either last Thursday or last Friday. The judge indicated the courts could not hold children who had mental health challenges and detain them. In fact, the judge had ruled they be put into direct care immediately. Are you familiar with that?

Ms Cane: I'm not familiar with this.

Mr Jackson: I don't have my notes in front of me. I think it's a Justice Clouthier; I'll get you the actual justice. I got this panicked call from child advocates out of Ottawa. This is a recent court case. It will be appealed to the Supreme Court, no doubt, but it essentially says that if there's a mental health problem with the child, you cannot incarcerate them; you must provide them an immediate program.

The Vice-Chair: Very good. That's a good point to depart on. Perhaps we could, if you want to respond with specific technical—Mr Jackson said he would refer some information to you.

Ms Cane: I would appreciate that, and I'd be happy to follow up, Mr Jackson.

The Vice-Chair: We'll now go to the government side.

Ms Sandals: Mr Parsons was talking about his involvement with fostering, and I'd like to go back to my days when I was a trustee and was on the Canadian School Boards Association.

Certainly, one of the issues we dealt with at that time was the proposed changes to the children and youth justice act. Given, Minister, that you have some responsibility for youth corrections, I wonder if we could explore that with you and possibly with Ms Newman, whoever is most appropriate. My understanding, from the discussions we had as that legislation was being proposed and eventually passed, was the expectation was that there would be less of a reliance on custody when dealing with youth in the courts and more of a reliance on community programming.

I'm wondering, first of all, given that you now have the youth corrections portfolio, what sorts of trends we have seen around the courts sentencing youth to either open or secure custody.

Hon Mrs Bountrogianni: I will, in a sec, refer this to Ms Newman, who's doing a fabulous job as an ADM in this area. Just to say that, yes, the numbers have been reduced significantly, and Debbie will talk about that in a moment.

We are working very well with Minister Kwinter and Minister Bryant on interministerial programs for these youth. We have four pilot nonresidential attendant centres for low-risk, high-need youth in conflict with the law. These pilots provide structured, positive rehabilitative intervention in a community setting, with the ultimate goal of reducing re-offending rates. We also have eight pilot open detention sites—I talked about this a couple of weeks ago, but I think it bears repeating—for carefully selected low-risk youth who benefit from the structure of a custodial setting but do not pose a significant risk to community safety.

I'll refer the rest of the answer to Deb Newman. She can probably answer more technical questions.

1650

Ms Deborah Newman: There has been a very dramatic impact of the new Youth Criminal Justice Act since it came into effect on April 1, 2003. The most notable effect has been the decreased use of both secure and open custody in this province and, in fact, in every province and territory across Canada.

Yesterday, I was attending a federal-provincial-territorial meeting with senior officials responsible for youth justice across the country. We were comparing our experiences under the Youth Criminal Justice Act. It was striking that right across the country the same experiences are evident. Every jurisdiction has seen the same sort of commensurate decrease in the use of open and secure custody, and of course that was the intention of the legislation. One of the key intentions was to reduce the over-reliance on custody and to really use custody as

a very last resort for only those youth committing the most serious offences and those youth at highest risk and highest need in the system.

In Ontario, more specifically, we've seen a significant overall reduction in secure custody of about 63%. Pardon me, I should say our utilization rate is 63%. The number of admissions is significantly down.

Mrs Sandals: What would that have been before?

Ms Newman: The utilization of secure custody has varied, but leading up to the YCJA we were at or over capacity in our youth centres for 16- and 17-year-old youth, and there was a very high utilization of existing capacity for 12- to 15-year-old youth as well.

In open custody there's been an even more dramatic impact, in the sense that we now have only a 40% utilization of our open custody beds across the system. As a result of that, it really provides us with a tremendous opportunity to do some rationalization of custody resources and to invest in community-based programs for young people. So we're certainly in the process of doing that and starting to reposition our service delivery system.

As the minister referenced, we have implemented attendance centre pilots across the province. They are going very well in terms of our seeing very promising results to date. We'll be evaluating those—by January, they'll have been in place for a year—and looking at the impacts those have had for the youth participating in those attendance centres. They would be taking evidence-based programs like anger management and anti-criminal thinking, substance abuse—whatever the risk factors were that caused them to come into conflict with the law.

We're also looking at very broad alternatives to custody investment strategy across communities in Ontario. As we rationalize the custody system, we can reinvest those resources. We're anticipating rolling out additional investments, probably in the last quarter of this year, based on a very extensive consultation we did right across the province, speaking with service providers not only in youth justice but also in child welfare, children's mental health, the education sector, families and youth. We asked them what the gaps are in service in communities for youth in conflict with the law and for youth who are at risk of coming into conflict with the law. That consultation is informing our strategy with respect to investments, and we will be proceeding to introduce some new programs under the Youth Criminal Justice Act, such as intensive support and supervision programs for those youth who are in conflict with the law but are also experiencing significant mental health problems.

We're also working with the Ministry of the Attorney General to partner with them in implementing some post-charge diversion programs so that again, rather than the formal use of the courts for youth who don't need to be processed through the court system, they can be diverted to a meaningful program opportunity. Under the legislation, that's called extrajudicial sanctions. So we'll be implementing in the near future as well a number of pilot programs with respect to extrajudicial sanctions.

Mrs Sandals: When you speak of attendance centres, I'm assuming that the format of that, if I'm understanding you correctly, is that the court, as a condition of sentence, would impose on the youth the requirement to go to the attendance centre. Does the attendance centre then directly provide programming, or does it merely coordinate programming that the youth will move on to in some other community centre?

Ms Newman: There are two means by which a youth may be referred to an attendance centre. It can be stipulated by the court as a condition of probation. It is also a sentence under the YCJA in and of itself. So the court can impose an attendance program as the sentence itself. The young person is then referred to a place where community agencies are directly providing these services. We're working with them around contracting for the provision of those evidence-based programs. The youth may be referred by the court, for example, to go between 4 pm and 6 pm every day, because they're seen to be most at risk of getting into trouble after school and before parents are in the home, and so on. The young person may go and have support in terms of completing homework and also taking the programs that address their own particular criminogenic risk factors.

Mrs Sandals: That's really good news. I know that one of the phenomena that principals used to complain about was what they called the young offender who was effectively sentenced to school. They would find they had these young folks who were required to attend school as a condition of sentence, probation or parole, as the case may be, but that there weren't any community support programs available, and that tended to turn out to be a bit of a disaster. Certainly, if we're going to have more youth in the community, and I'm sure that's much more effective than custody in a lot of cases, what's crucial is to have the community supports in place. It was certainly the fear of a lot of people that there would be no capacity for community support. So it's really good news if you're able to divert some of those resources into the community to support programs.

One of the previous conversations was around the fact that we see different behaviours in different courts in different regions. Are you finding, with young offenders, that you see regional differences in the behaviour of the courts, or is the act laid out clearly enough that you find fairly consistent reduction in custody as you move around the province?

Ms Newman: I would say that the reduction in custody is consistent right across the province. There are no regions of the province that haven't implemented the Youth Criminal Justice Act in the way in which it was intended. It is a complex piece of legislation, and there is a significant learning curve for everyone in the system. We've provided a lot of support to crowns, the judiciary and others. Our probation officers are present in court to support the judiciary. In fact, we recently attended regional conferences of the judiciary where we spoke to them about the Youth Criminal Justice Act and addressed their questions. We're able to support them in further implementing the spirit and intention of the legislation.

Mrs Sandals: What about the take-up on diversion opportunities? In many cases, as you mentioned, it probably makes more sense to go the diversion route and avoid the formal court system completely. What's your experience with diversion? Is that becoming a more common option, and how are we doing in terms of programming and diversion options?

Ms Newman: There are some early diversion opportunities across the province, both pre-charge by police—diverting youth instead of formally charging them—as well as these new pilot programs, which will be implemented very soon, that will provide opportunities at the court level for youth to be diverted from the court system and sent to complete an alternative type of program. We're in the early days of diversion programs under the YCJA and expect to see a lot more community-based programs that will support diversion as we go forward.

1700

Mrs Sandals: Just going back to the original purpose of the ministry, which is getting rid of silos, it occurs to me that a lot of the programs you're talking about would in fact be quite valuable just in terms of mental health supports, behavioural issue supports. Is this something that, as we're setting up these programs, is only available to youth who are in contact with the judicial system, or are we able to access any of those programs more as preventive programming before the youth becomes entangled with our judicial system?

Ms Newman: Our first priority currently is to support the implementation of the legislation through the provision of programs that will exist as alternatives to custody for the judiciary. But you're quite right that, as we go forward, we expect to provide more support in terms of crime prevention programs and working with at-risk youth as well. In fact, we've already begun to do some of that and are working collaboratively with the education sector and schools. I think there's a lot more opportunity, as we look at prevention programs, to be working with other partners in ensuring that kids who may be at risk don't come into conflict with the law. So prevention, early intervention and identification of kids who are having difficulty can be supported.

Mrs Sandals: I heartily endorse that. When we look at prevention in the community, it's going to have to be a partnership among a number of ministries that have different perspectives, and that prevention is somewhere that we need to find the resources and the will to do some work.

The Vice-Chair: Mr Kular, do you have a question or an observation?

Mr Kuldip Kular (Bramalea-Gore-Malton-Springdale): How many minutes are left?

The Vice-Chair: We've got about four minutes left.

Mrs Sandals: You can do part one now and do part two later.

Mr Kular: Right. I have heard from some of my constituents who are grandparents, who have taken over the great responsibility of looking after the grand-

children. Because their sons and daughters are having some trouble with their homes and looking after their children, the grandparents have taken over the responsibility of looking after the grandchildren full-time. Most of those grandparents are retirees and they are on pensions and fixed incomes. I'm wondering if the Ministry of Children and Youth Services is helping those grandparents in any way as they are looking after the family members? Is there a provision to help them?

Hon Mrs Bountrogianni: Not to my knowledge—but I'm going to ask Trinela to come up—not unless they've become the foster parents or have legally adopted them. If they are special-needs children, there are special-needs-at-home monies from my ministry, as well as from Minister Papatello. Is there anything else that I'm missing, Trinela?

Ms Cane: The minister is absolutely correct, that currently our ministry—beyond the fabric of social services that are currently being provided across the province for families and certainly grandparents who are struggling in many ways, and we know that that is the case—have access to a range of supports in the community that are currently available.

Through the Ontario government through Ontario Works, for example, there are monies that are available for temporary requirements of folks like grandparents who are looking after their children. We're looking at our permanency options. I know there is considerable pressure around grandparents, but as you can appreciate, it does present some difficulties in terms of potentially offering subsidies to grandparents to look after their children. So we'd look at options around the community supports that are available to give them advice and support, as well as some of the financial supports that are available through some of the programs that the minister has mentioned.

The Vice-Chair: We've got a couple of minutes left. Mr Parsons, do you want to fill that time, or—

Mr Parsons: No.

The Vice-Chair: OK. Very good. In that case, does the ministry or anyone have any response, because there's still a minute or two here on your rotation.

Hon Mrs Bountrogianni: Through the child welfare secretariat, we'll be looking at a whole host of strategies, but I think Trinela said it right: It's a slippery slope once you start subsidizing grandparents, but we certainly will look at a whole series of strategies.

There are supports out in the community for anyone who is taking care of a child and is having difficulty with that child. If the child has a mental health needs problem, there are those resources. As I said earlier, we've just increased that budget significantly. As well, if they're young children, there are the Early Years centres. There is child care. There are child care subsidies if that family meets the criteria. But beyond that, at this point there isn't more.

The Vice-Chair: Thank you, Minister. The way the remaining 27 minutes will work—we've been advised that Mr Bisson from the NDP will join us. He will not be allowed to vote, but he will be able to participate. So that

will give three parties each nine minutes in rotation. The government side, when it comes to your rotation, can either use the nine minutes or relinquish your time to the minister, so we can finish on time.

With that, we'll start with Mr Jackson. You have nine minutes.

Mr Jackson: Which ministry personnel is responsible for the youth detention centres?

Hon Mrs Bountrogianni: Deborah Newman.

Mr Jackson: Could Deborah come here, please?

Hon Mrs Bountrogianni: Excuse me, Chair. May I just leave for a minute and come back? Is that OK, Mr Jackson—within a minute? Thanks.

Mr Jackson: Ms Newman, thank you. I've been contacted by staff at Cobourg's youth detention centre, Brookside, regarding concerns about staff safety. There was an article that appeared Wednesday, November 10, in the Northumberland Today newspaper that sets out some of the concerns.

I'm just going to read the situation as reported in the media: "More Toronto and area youth are now housed in Brookside"—that's in Cobourg—"as they go through the court system—and they bring the gang system with them.

"The mixture of young people in the facility, some over 18, and many facing murder charges, brings 'hardened gangster-type, tough scary kids into contact with petty criminals who are being preyed upon,'" said an exclusive interview with the Cobourg Daily Star, according to their occupational health and safety rep inside the facility.

"The gang culture of intimidation is realized not in one-on-one confrontations between factions but by sneak attacks by a group on one person. As a result, the number of homemade weapons has increased because of would-be attackers and those trying to protect themselves, he says.

"They are also attempting to intimidate staff," and the situation has escalated.

Are you familiar with the concerns being raised by this facility?

Ms Newman: Yes, I am.

Mr Jackson: My understanding is that staff have requested that we consider more locked bedrooms as a result, so that they can do a proper lockdown in that facility. Some of your facilities you're able to lock down—I've toured Syl Apps, for example—but this one doesn't have that capacity. So you've shifted the cohort of kids in the program. Your management at the facility agrees with the youth service officers, but they haven't promised the locks. Is there any problem with getting locks put on those doors?

1710

Ms Newman: I'm familiar with the concerns that have been raised by the staff at Brookside Youth Centre, and perhaps I can address the situation.

I'd like to begin by saying that our number one priority in youth justice is to ensure the safety of the community, the staff and the youth in our facilities.

With respect to this particular situation, again, another effect of the Youth Criminal Justice Act is, generally

speaking, that those youth who are in secure custody these days are the most serious youth and those who need to be in secure custody. We've talked about the numbers and the reduction in the numbers. As a result, again, as the YCJA intended, that custody has been used as a last resort. We are getting more hard-to-manage youth in secure custody generally. That's not specific to Brookside and it's not specific to Ontario; it's right across the country, as I've heard from my colleagues.

We do have the capacity to lock doors at Brookside Youth Centre; 33% of the rooms at Brookside Youth Centre have locks on them. We use a combination of bedrooms with locks and without locks to manage the population there appropriately from a placement and classification perspective. If we require the use of a locked room, we have that at Brookside.

Mr Jackson: So you're not going to increase the number of locked rooms.

Ms Newman: We have no plans to increase the number of locked rooms at this time. We have evolved the situation over the years at Brookside where we've added more locks to the doors and now I think we have sufficient locked capacity.

Mr Jackson: So it's not a budget issue. You're satisfied that these residents are safe?

Ms Newman: Yes, I am satisfied that they're safe. I'm satisfied that we have sufficient locked capacity at Brookside.

The other thing I would say is that we've conducted a review of incidents at Brookside, looking at the number of peer-on-peer violence incidents there over the course of the last year, from the fall of 2003 to this fall of 2004, and there has been no average increase in the number of incidents over that one-year period.

We do have incidents of kids assaulting other kids in secure custody. That is part of the nature of the job. That's part of the job that is done when you're dealing with some fairly challenging young people in a secure custody setting.

Mr Jackson: Fair enough. You're satisfied with the situation; you've done your review. Then, have you seen the letter from Cobourg Police Chief Garry Clement, who has indicated that although the incidents have only increased moderately, he's saying that the level and extreme nature of the intimidation and the threats have grown?

From a bureaucrat's perspective you can read the stats to say it's only grown slightly, but if weapons are now involved when they weren't involved, I would consider that an escalation.

The police chief has written you and has asked for your ministry to provide additional funding since the police are being called on a more routine basis in this. Clearly, you're monitoring the increased number of police activities.

Ms Newman: Yes. In fact, we've always had a policy that whenever there's a peer-on-peer violence incident, the police are contacted. So that in fact has not changed.

Mr Jackson: They're not the only ones contacted. Doesn't the child advocate get involved? Don't you go in

to measure, to see if any staff—staff are being hurt here but, generally in a takedown, staff are accused by the youth of being too violent and they file claims. Isn't that review going on as well?

Ms Newman: There are a number of mechanisms to ensure appropriate oversight and accountability, so the police are called routinely. It's our policy. In addition, the child advocate does visit all of our youth centres regularly. Youth in custody can and do contact the child advocate. They're given unfettered access to the child advocate, so that is another oversight mechanism.

We also have an investigation capacity so that if there are allegations that there was excessive use of force by staff, for example, in controlling a situation, or that there was some inappropriate intervention—

Mr Jackson: I'm quite familiar with the process.

The Vice-Chair: You have one minute, Mr Jackson.

Mr Jackson: Yes. Are you disputing that there hasn't been an increased contact with the police? The point I'm trying to get across is that with the escalation in the weapons and the threats, the police are suggesting that there is potential for a loss of life. Are we going to provide any additional resources to the police, yes or no? If the answer is no, are we going to change anything, other than just monitoring this situation?

In the interests of time, could someone tell me who Anne Machowski is, who's with the ministry? Is that a bureaucrat or is that political staff?

Ms Hill: The person is a media contact.

Mr Jackson: So it's political staff?

Ms Hill: No, it's in the bureaucracy, the media line.

Mr Jackson: Why would she be stating to the media and everyone that she's unaware of the gang activities at Brookside when I've just heard the ADM saying that she's quite aware of it?

Ms Newman: I'm not—

Mr Jackson: I'll leave that question out there, but you can talk to Anne Machowski and maybe get her up to speed in the communications department.

Ms Newman: What I'm saying is that we're quite aware of, and monitor, the incidents in all of our youth centres. In fact, the average number of incidents at Brookside has remained consistent since the fall of 2003.

Mr Jackson: So the answer is no to the police chief?

Ms Newman: We'll be reviewing the concerns raised by the police chief and responding to those.

The Vice-Chair: That completes this round. We have a little dilemma here.

Hon Mrs Bountrogianni: Chair, may I ask for a photocopy of what Mr Jackson has, the letter from the Cobourg police?

Mr Jackson: The letter is addressed to you. Have you not seen the letter?

Hon Mrs Bountrogianni: No, I have not seen it. Do you have it with you right now?

Mr Jackson: No, I just have the media report. That's all I have.

Hon Mrs Bountrogianni: OK.

Mr Jackson: I can send it to Anne Machowski. She apparently—

Hon Mrs Bountrogianni: I don't need the media report. I thought you had the letter.

Mr Jackson: No, I haven't seen the letter.

The Vice-Chair: Very good. We're going to seek unanimous consent here. The NDP isn't here. They've indicated they will be. We would pass by them now and allow you to have your nine minutes, and when Mr Bisson comes back in, at the will of the committee we would give him an appropriate amount of time. It's up to the committee. Any dissenting voices?

Mr Parsons: If the inference is we have our nine minutes because we would like to give some of the time to the minister to summarize. It would be rather difficult to summarize if there's going to be material coming forward.

The Vice-Chair: That's appropriate. Let's just proceed. You'll have your nine minutes. Use it as you wish. If there's time left at the end, the minister can use it or we can just forgo it. OK?

Mr Parsons: I've got a question for the minister, then. One of the things I used to find frustrating in the 1999-to-2003 term were announcements of funding being made for communities, and then waiting. The announcement was made again, and we waited. Sometimes we got four or five good-news announcements.

Minister, you've announced that there would be additional resources put into subsidized daycare spaces. Has any of that money flowed or is it about to flow?

Hon Mrs Bountrogianni: I'm so glad you asked that. It does take time to spend money. It has to be implemented carefully. The money is, I think as of today, flowing. There's only one county that hasn't submitted a plan. I'm very happy to say that the \$58 million, which is there to produce 4,000 new subsidized child care spaces, which is the first real increase in child care in a long time, is flowing. It's much needed and we're very excited about it. It's the first step toward our Best Start plan, which you'll hear about in the future. The money is actually flowing and you'll hear more about the allocations per area very soon.

Ms Cane: As the minister has indicated, we have received 46 out of 47 plans—a bit of a progress report for you. The one outstanding plan—we've been working through out regional offices with that municipality and we do have a letter of commitment from them around the use of the dollars that have been allocated. The minister has indicated that, I think, effective today the funds are beginning to flow. Certainly a large number of plans have not only been approved by the ministry, they've been approved by the various municipal councils.

The money is flowing and we expect the rest of the plans to be completely reviewed and approved before the end of the month and all the funding to be flowing early in December.

Mr Parsons: Excellent. I have one more question, then, and it's one to do with my riding, the finest riding in Ontario. I'd ask that Hansard would note that.

Interjection.

Mr Parsons: Seconded by? Thank you.

Mr Milloy: No, second to mine.

Mr Parsons: Oh, I misheard on purpose.

I'm no longer a board member of Hastings Children's Aid Society, but when I was, we carried a substantial debt for some years. The previous government very nicely provided money for workers to be involved in investigations, but evidently believed that they didn't need a desk, a chair or a telephone and there was no need for them to ever leave the office because they didn't have an office.

Your ministry has provided funding to them that basically wiped out the deficit. If I'm recalling correctly, there was a requirement that they sign an agreement. I'm wondering if you could expand on that.

1720

Hon Mrs Bountrogianni: We wanted to have some targets reached, if possible. One was more adoptions. This is across the province, not just in your children's aid society. The other was to try to reduce costs by, if you have to refer children to group homes, trying to make it close to home—appropriate settings. There was a third criterion—if you can remind me what the third one was.

Ms Hill: Adoption.

Hon Mrs Bountrogianni: I said that. Adoption—

Ms Cane: They were also asked to look at potential infrastructure-related costs.

Hon Mrs Bountrogianni: That's right. We basically wanted to start to rein in some of this unsustainable spending. It's a tough job they have. The law is clear and we support the law, that if a child is in need of protection, we need to protect that child. But the situation is becoming unsustainable, so we asked them to try, and that was the agreement there. Actually, there has been some progress by many of the societies.

Mr Parsons: Is that reviewed during the year or have the expectations been set out ahead of time for the year?

Ms Cane: The letters of commitment were signed at the beginning of the fiscal year and the service plans that the agencies have developed reflect those priorities. Of course, as I indicated earlier, in the context of our ongoing review of service plans, there were the commitments that the various agencies made toward the targets that we've identified for adoption and permanency planning. The minister mentioned the repatriation targets so children are placed closer to home where possible. I mentioned the infrastructure. There were also incentives and commitments required around legal services. We talked about that a little bit earlier.

So those were commitments. Their progress toward the commitments is reviewed as part of the service planning process that's currently underway, and certainly all agencies signed a letter of commitment at the beginning of the year and have not only moved yardsticks toward achieving progress in the key targeted areas, but are continuing to do so.

Mr Parsons: Thank you.

The Vice-Chair: No further questions? Minister, you have four minutes or as much time as you need.

Hon Mrs Bountrogianni: First of all, I want to thank the committee for this opportunity. I wanted to be on estimates. I'm not a masochist, but I wanted to be on

estimates because I wanted to put focus on a new ministry, and I knew this would do it. It's challenging. It is a new ministry and we received our budgets—not all but most of our budgets—in April of last year, so it was a relatively daunting task that we had in a very short period of time to create a ministry to manage the programs that are there and to begin to look at new programs.

It's an honour. I'm really pleased that the Premier has trusted me in this role. It's a challenge as well and it's a challenge that I'm up to. I have a great deal of support from my ministry, my public servants, as well as my political staff, who spend weekends—Labour Day weekend, Thanksgiving weekend—working to give me the tools I need to help the kids of this province.

It's not perfect. We have a lot of things that we need to fix. Again, there are historical reasons and there are some other infrastructure reasons that we need to look at, right from the prevention programs to child care to children's mental health to youth justice. But it's also a very exciting time with the youth justice act changes, with the renewed interest and, finally, action by the federal government for a national child care program, with the municipalities and the agreements between the municipalities and the government, that we consult with each other when whatever we do affects each other. It's also a time of challenge and opportunity together, so it makes it very exciting.

I've got two kids of my own. So far, so good, knock wood, I mean, except for their regular ups and downs, like being on a roof and waiting for the eclipse while I was in here one night. Except for that, they're pretty good kids, but I want to know that, but for the grace of God, if they falter, if they make a mistake, there is an infrastructure out there for them.

I'm very fortunate I'm in Hamilton. There are some very good systems in Hamilton, but all these systems have been stretched to the breaking point. And not only for my kids, but for everyone's kids, I'd like to improve things. I'd like, in three years, to be able to look back and say, "OK, this, this and this is better," and I'm going to work very hard to improve. Again, I make mistakes. I'm not perfect, but I'm a hard worker. I'm a child psychologist, a mom, a former child care operator, so this is a dream job for me.

I look forward to your assistance in making Ontario's kids happier. I actually look forward to the constructive criticism of the opposition as well. I was in opposition, and it's an honourable job. I got things done in opposition with the ministers of the Tory government and I'd be more than happy to work with anyone who truly wants to help the children of this province.

I thank you for the opportunity. It has focused us, so the estimates committee did do that. It's a new ministry. It was challenging to gather the information. We still have a long way to go before I'm happy with the information we get, but we're getting there. With your help and your focus, we'll get there sooner. So thank you very much, committee.

The Vice-Chair: Thank you, Minister. I would just say that I consider the business of this committee

complete, with the exception of asking the committee if there are any further administrative questions or anything before we complete the votes for the estimates of this particular ministry. There being none, I'm going to call the questions.

Shall vote 3701 carry? All those in support? Opposed? That's carried.

Shall vote 3702 carry? All those in support? Opposed? Carried.

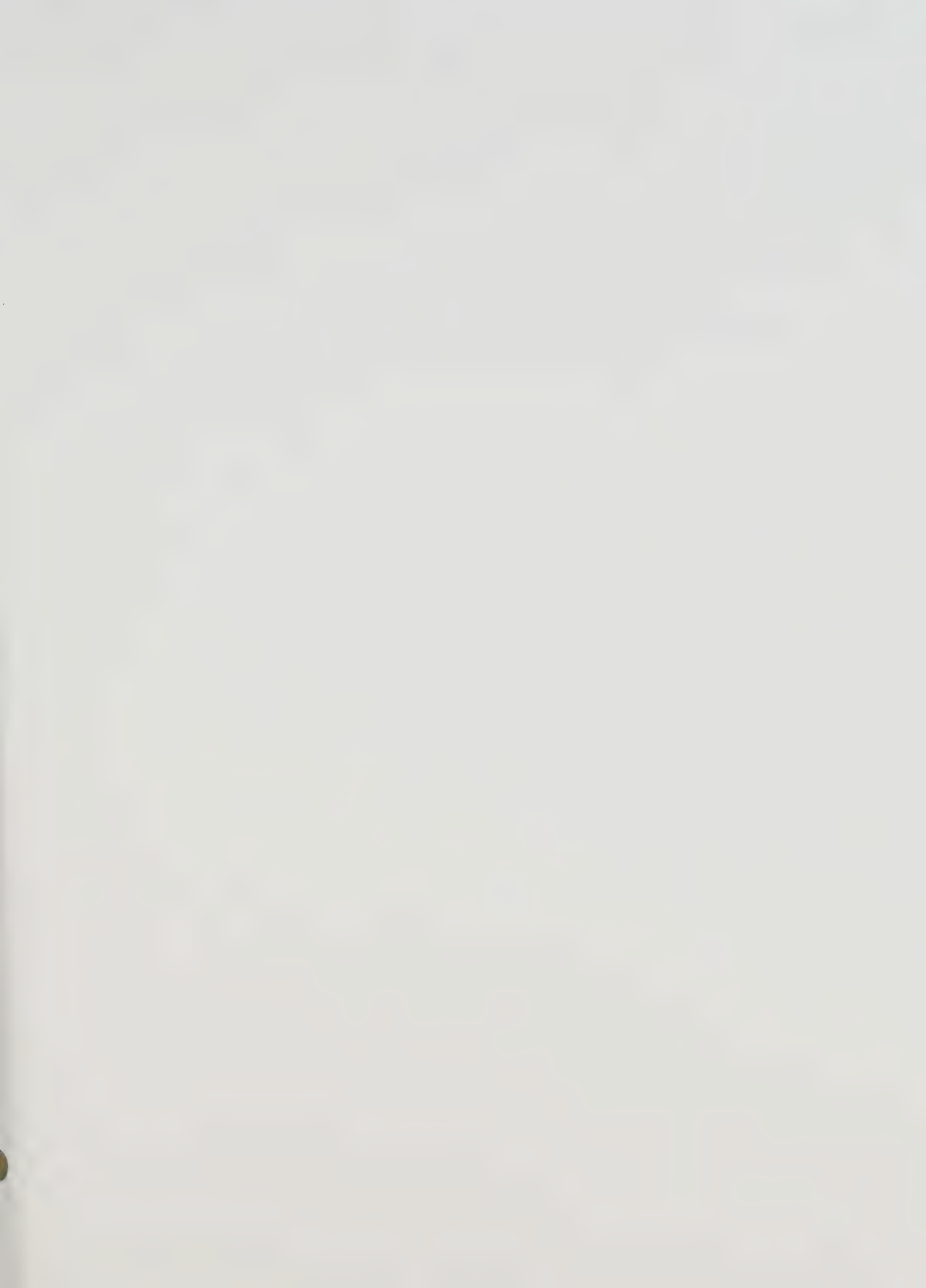
Shall vote 3703 carry? All those in support? Opposed? Carried.

Shall the estimates of the Ministry of Children and Youth Services carry? Carried.

Shall I report the estimates of the Ministry of Children and Youth Services to the House? Carried.

That concludes the business of today. Thank you very much, Minister, and your staff. I found it informative and productive.

The committee adjourned at 1727.



CONTENTS

Tuesday 16 November 2004

| | |
|---|--------------|
| Ministry of Children and Youth Services | E-331 |
| Hon Marie Bountrogianni, minister | |
| Ms Jessica Hill, deputy minister | |
| Mr Bruce Rivers, executive director, child welfare secretariat | |
| Ms Trinela Cane, assistant deputy minister, policy development and program design | |
| Ms Deborah Newman, assistant deputy minister, youth justice services | |

STANDING COMMITTEE ON ESTIMATES

Chair / Président

Mr Cameron Jackson (Burlington PC)

Vice-Chair / Vice-Président

Mr John O'Toole (Durham PC)

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge L)

Ms Caroline Di Cocco (Sarnia-Lambton L)

Ms Andrea Horwath (Hamilton East / Hamilton-Est ND)

Mr Cameron Jackson (Burlington PC)

Mr Kuldip Kular (Bramalea-Gore-Malton-Springdale L)

Mr Phil McNeely (Ottawa-Orléans L)

Mr John Milloy (Kitchener Centre / Kitchener-Centre L)

Mr John O'Toole (Durham PC)

Mr Jim Wilson (Simcoe-Grey PC)

Substitutions / Membres remplaçants

Mr Ernie Parsons (Prince Edward-Hastings L)

Mrs Liz Sandals (Guelph-Wellington L)

Clerk / Greffier

Mr Trevor Day

Staff / Personnel

Mr David McIver, research officer,
Research and Information Services



E-16

E-16

ISSN 1181-6465

Legislative Assembly of Ontario

First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Wednesday 17 November 2004

Journal des débats (Hansard)

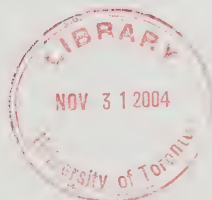
Mercredi 17 novembre 2004

Standing committee on
estimates

Ministry of Education

Comité permanent des
budgets des dépenses

Ministère de l'Éducation



Chair: Cameron Jackson
Clerk: Trevor Day

Président : Cameron Jackson
Greffier : Trevor Day

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2

Telephone 416-325-7400; fax 416-325-7430

Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2

Téléphone, 416-325-7400; télécopieur, 416-325-7430

Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 17 November 2004

Mercredi 17 novembre 2004

The committee met at 1531 in committee room 151.

MINISTRY OF EDUCATION

The Vice-Chair (Mr John O'Toole): Welcome. The standing committee on estimates is meeting to consider the estimates of the Ministry of Education. I'd like to welcome you, Minister, and your staff. We have seven and a half hours. A very limited amount of that time will get used today, but we'll certainly be here. The rotation is that we'll start with 30 minutes from you, Minister, and then 30 minutes by the opposition and 30 minutes by the NDP. At the end of that time, you will have a 30-minute response period. That's the cycle of events for this afternoon.

Hon Gerard Kennedy (Minister of Education): Thank you, Mr Vice-Chair. It's good to be back in estimates, in slightly different capacities than the last time we met, I think. It is a pleasure to be here with education, on behalf of the government.

The government said in its throne speech that this is its first priority, and therefore it's quite appropriate that we would be here today explaining that priority. Also, in the context of estimates, the government made a decision to positively support the efforts of public education in this province. It has done that, we think, in a responsible fashion; we have identified specific investments that needed to be made.

The context, I think, that will be familiar to returning members of the House, and probably for some of the new members as well, is that education was underfunded in this province for quite a long time. For at least the last eight years, it saw declining shares on almost every measure, such that on a per student basis, on a per capita basis and on a share of GDP, education received less priority. In fact, according to a Statistics Canada report of a few weeks ago, we were the only jurisdiction in Canada to see education that way. All our colleague provinces invested more in education and we were the only ones taking money away from student accomplishment and student support.

We have acted rather significantly in that context. There was, of course, in the year before the election, a report by Dr Mordechai Rozanski, of the University of Guelph. In that report, Dr Rozanski made very clear that there were not just shortfalls, in terms of support, but specific deficiencies. The specific deficiencies were very similar to the ones that we as a then opposition party had

put forward for investments, and they bear a significant relationship to what we have done to date.

In terms of investments, we put forward, first of all, in December 2003, approximately \$112 million immediately upon coming into government. We did that because we apprehended that some of the needs were most acute for students who were struggling the most, in particular students who—and these are circumstances that I don't think we would call inherent barriers, in the sense that there isn't any reason that a student from a low-income background or a single-parent family, or a recent immigrant, cannot succeed in education. But the barriers they have are greater than for other students. The idea of investing in overcoming those barriers on the part of the system is that it is a smart thing to do at the earliest stage possible.

There was a pre-existing grant that was much smaller, which was the largest part of our effort there: the learning opportunities grant. The previous government had decided, despite the advice they received from their expert panels, to significantly reduce the support available to the particular education endeavour of helping these vulnerable students whose education attainment has been well-proven in research to be related to the background they are coming from, and we started to reverse that, first of all in December of last year, and then we followed up with further investments when the annual grants to school boards were made.

Our overall approach has been to do, I think, in terms of the Rozanski report, both a catch-up in terms of the things that were underfunded, specifically, and a keep-up in order to make sure we don't fall further behind. That's what informed our announcements of May of this year, when we put forward most of the dollars that are under scrutiny here today. That would have to do with a broad set of investments totalling \$854 million, bringing our total investment to about \$1.1 billion.

The one component I would mention is that we invested \$100 million in special education at the end of the year, because problems with the system for identifying special education needs generated \$100 million in claims that had not been predicted. They weren't predicted by the Ministry of Education, and they weren't predicted by the boards themselves. So an additional \$100 million in claims came forward, in addition to the \$112 million that we put forward as an initiative in December, which we made available to boards in July.

We think our subsequent allocation that became effective this school year has a very considered set of objectives to attain. Some of them are not very glamorous. For example, we are putting forward dollars to help keep schools cleaner. A cleaner, safer schools grant is putting in extra resources to catch up with problems. What kind of problems are those? Well, in the province of Ontario we have an accumulated facilities deficit that is very, very significant and that needs attention. It is the result, we're told, of an inadequate amount of resources to keep up those buildings in the first place. So, in some ways, a metaphor for some of the work we have to do in education is that simple, unglamorous thing of keeping the buildings clean and safe, so that the children are in a good learning environment, but also so that we're doing proper stewardship. We really have buildings that are in worse shape today because of the economies taken by the previous government.

We have made some significant measures toward reducing that deficit and that problem. One element of it is specifically giving school operations dollars in such a manner that boards will once again let communities use their facilities. All across the province, we've had empty school fields, shut gymnasiums and classrooms perfectly suitable for community purposes not being available to the community. So part of the school operations grant, which is part of our transfer to school boards, was increased by \$20 million to permit those agreements to take place. The Ministry of Tourism and Recreation has been very helpful in facilitating the development of agreements with the boards and getting those agreements arranged, because we do understand very well that in all of our efforts to promote education funding, it's not a one-size-fits-all approach that can succeed.

1540

The Ministry of Tourism has been working that out with individual boards. We've seen reductions in the order of 90%, at least in some of the boards, in the fees they've been charging. We will be tracking the results from that investment. What we think it will result in is increased use, certainly. There will be community groups that will be able to afford the use of the schools.

For example, the Scarborough Hurricanes is a basketball team that couldn't hold tournaments in Scarborough. They actually had to go to York region or somewhere else. Last year alone, they generated \$3 million in scholarships for their members. This is a credible recreation effort that develops their students and supports their academic attainment, but they couldn't use Toronto schools because they couldn't afford them. They now can, or they will be able to under the fruition of this agreement, and they're already working with the Toronto Catholic board in that respect. So that investment is also helping. It's a permanent investment; in other words, it is money that goes to boards every year, as long as they maintain access for a nominal cost. That's the basic arrangement that's been worked out with them.

We also, in terms of some of the basic initiatives, have put forward dollars to deal with the costs of keeping up in

a general way, so for the first time, actually since the funding formula came into existence in 1997, there has been an actual, honest keeping up; in other words, every grant has increased 2% across the board, because the costs also increase for school boards.

Previously, and this is the insidious part that we have to turn around on the part of school funding, the previous government would ask boards to absorb that, and they would absorb one, two, and then six or seven years' worth of no increases in an area. What you had in the administration of our school system were people who became very good at cannibalizing one part of the system to help another. Untangling that is going to take us more than one year, but certainly we've made investments in each and every area, just to help us keep up.

We also dealt with what I think has been a very sore issue in the province for the entire time the province has taken over education funding, and that is transportation. We invested \$20 million in transportation, as Dr Rozanski asked for—at least a significant portion of what he asked for—and an additional \$13 million is a keep-up, to make sure that we can help the boards keep up with their costs.

In the context of doing that, we've put forward a funding formula for discussion. It's another element in terms of what we think is good stewardship. We're trying very hard not to make unilateral changes. A lot of what we have out there, in terms of the \$16 billion invested, was done unilaterally by the government of the day, and yet we have 72 school systems, 4,800 schools. It doesn't make sense to make those decisions without having the full benefit of feedback.

There are a series of consultations that have been undertaken on the transportation formula. We've been very honest with boards, saying, "The transportation formula looks like this now. You get a chance to, if you'll pardon the pun, kick the tires. You get a chance to look at whether or not these underlying rationales make sense and whether this is a fair funding formula." That's the first time that's been done with provincial funding, and we think at the end of the day we're going to come up with a fair, effective and adequate way of funding transportation. But that is also where we invested \$20 million.

We have put forward dollars for a salary increase across the system. Our particular approach there is to look at making sure that teachers and education workers don't fall behind. We think that's quite important. They have in years past, so there's a 2% guideline there. Inflation is running about 1.8%, and we think that's reasonable in the circumstances.

We're asking for the active support of our education workers. We have exhibited, we think, a pretty significant and consistent policy of respect toward them on a number of fronts. We need their active engagement in the things that need to be done to help education improve. We think this is another part of that engagement of respect, because the other investments we're making we think are important to have in the system today to have the impact they need to have on behalf of students.

Some of those investments include things like lowering class size. About \$90 million has gone specifically toward making the classes for primary students smaller. The impact of that has reached about 38% of the primary schools in the province. About 1,100 teachers were hired, and that can have some quite dramatic effects. There is school after school where it has ended split grades, where it has brought down averages that were once 26 down to 19, simply because that deployment of an additional teacher has a very positive, cascading effect.

The implication, we believe, will be a much better start to school on the part of those students. We would infer—I mean, there is some evidence for this in terms of previous class size reduction projects around the world—that it would pay for itself by the time the kids who are in today's grade 1 would graduate, that there is enough chance of detecting challenges, of enhancing school performance, that you would avoid some of the extra costs that you run into with students who are struggling in the future. So we will continue with that in subsequent years, but we think we have made a very significant first step in terms of reducing class sizes.

The class size reduction itself is part of a broader strategy to provide resources in support of getting every 12-year-old in this province to the state that I think everyone would agree is necessary for their future advancement, which is a high level of literacy, numeracy and comprehension.

So as we look at our investments, we attach them to some of the objectives we want to accomplish. That's probably the leading objective we have right now. We see the difficulties we have in high school. We have kids and young adults in grade 10, still around one in five, who are struggling to show a basic attainment in the literacy test, and a significant number who are struggling with their program, especially in the applied part of the offerings in grade 9 and grade 10. We really need to address the potential of those students far before they get into grade 10 or into high school. So the investment we've made on lowering class size is part of that, and so is our support for a literacy and numeracy secretariat.

For the first time, really, the ministry will be involved and engaged in the strategies that boards use to help advance academic achievement. There have been much smaller programs in the past, but this will allow us to do a number of things: teacher training on a very wide scale. We have over 7,500 teachers who took training over the summertime as part of this initiative, another 8,000 teachers who were trained as lead teachers, which is a more significant training taking place over six days that makes them expert in the kinds of teaching that need to happen for literacy and numeracy. And 8,000 is on the way to 16,000 teachers. We will have two in every school: a lead literacy and a lead mathematics teacher in primary and also two in the junior division coming up, to make sure that every school has, in fact, the teaching leadership it requires and that they'll be involved with the rest of the staff. So every single primary teacher is going to get upgrading in terms of training and every single

school will have four individuals who get intensive training as part of what we're looking at.

So basically, around the province, we'll be very focused on giving students their best shot of being able to move forward. It is something we can enable from the government. We can also piggyback a lot of existing efforts on the part of school boards. Again, if there's an axiom for what we're doing, it is that there is diversity out there and that one size doesn't fit all, and that's a road to error and, frankly, wastefulness in terms of how we can approach some of the things we want to have happen.

The literacy and numeracy secretariat will ensure that we respond according to the needs of individual boards. There will be an effort made to outreach to boards, to look at how their students are achieving, to look at the plans they have for how well they're doing and what they intend to have happen, and there's some ability to respond in a customized way.

We think our obligation is to make sure every student succeeds. That doesn't mean we're obliged to treat every student the same. They have to have the same outcome. There are a lot of different paths there. There's a lot of individuality on the part of the students and of their circumstances. Part of that is the communities they live in and the resources available. There's a big difference from the schooling experience that can be offered currently in the north versus rural versus suburban and urban. If we're going to be able to make sure those are similar successes, we've got to allow each of those areas to meet their needs accordingly and not try and—if I can put it this way, we're not making them fit the funding formula, we're making the funding formula fit the needs of those students.

So you'll see that as a consistent outcome and certainly as an intention on the part of the dollars we're deploying this year. There are specific dollars that are allocated to the literacy and numeracy secretariat. We are also moving forward with an initiative that is probably the toughest single legacy item we have. I think it is unfortunate that we didn't have progress in literacy and numeracy for the last three years, essentially; there was no going forward on the tests that were taken provincially. This year there is some progress for the first time.

1550

But a more outstanding problem is the increased number of school leavers without diplomas. The double-cohort year that was so well talked about in this province, I think, was mainly assessed initially as a problem for those university- and college-bound students who would be competing with the last round of the grade 13 classes, that there would be double the competition for spaces. Well, it turns out that that did happen, but the students really kind of outsmarted the problem: They went early and they went late, and they basically adjusted. By and large, it looks like they, and the university-bound students in particular, will have been able to get into an institution in similar numbers. For the college-bound, it's a little bit mixed right now, for a reason I'm about to tell you.

But the people who in the past would have gotten high school diplomas didn't. The school leaving rate, according to Dr Alan King at Queen's University, has gone up from 22% to 30%. That means we've got 48,000 students without a diploma. That's 12,000 more than there would have been under the last system. We think that's significantly problematic. The last government had two prior reports from Dr King. They knew explicitly that this was likely to happen, and yet there were no real significant adjustments made in order to facilitate success for these particular students.

There is now a student success program underway. It's too early—we'll know in about a month's time how well our interventions have worked and what early impact we'll have on that number. But I would put to you, and I would not expect a lot of disagreement, that even 22% is too high a level of students not getting at least a diploma, not getting some education attainment that they can then use. If you look at the job market, you'll find very clearly that the jobs for anyone with less than a high school diploma are drying up very quickly. In 2003 to 2004, there was something in the order of a 26% reduction in the growth in those jobs. I'm not talking about the total number of jobs, but the growth is very, very minimal relative to, for example, the growth for university or college graduates.

One of the related issues, though, for what we refer to as curriculum casualties is that we may not have, according to Dr King, the same number of people going to college. A lot of these people are not just people who would have got their high school certificate but would have ended up going into college technical programs and being a skilled part of the workforce. Because this problem was not addressed despite the significant warnings that went off in the system, that is a very real possibility. In fact, some of the application numbers to colleges this year suggest that that effect is indeed underway.

So it is our intention to lower the dropout rate, to do that first in the context of helping the students who are already in the system and even those who have just left it. We don't think we should give up on those students. They shouldn't be victimized simply because they were in the wrong place at the wrong time. There is a variety of things we think we can do even if they go beyond the traditional school system. We're looking at that. There's a GED program in terms of being able to get your high school afterwards, there is work we can do with our community colleges, and we're looking at a broader strategy. But I think you can understand we first focused on what we could do with the ones who came back to school, and a large number did. Last year, an extraordinary number of students kept trying to get their credits. So we were in a position to be of some help to them. We have student success coordinators at every school board around the province. We've been able to get new and innovative programs going, and we're going to further that effort this year with some specific investments we're making. It's an ongoing element that we would like to see developed, though, into a full-blown different role for the high schools of this province.

So we're starting with the crisis we were left, but we're moving away from that into where I think we would want to be in any event. Even if this problem had not become exacerbated, we would want to be in the business of getting a good outcome for every student in school. The days are well gone when we could say, "Well, if half of the kids go to college and university," which is our number, "then that's good enough." We can't do that any more. We can't afford to have students not reach their full potential.

If you look at the competition that's out there right now globally, it's all based on education. Look at the jobs that are going to, for example, some provinces in India that have done a fabulous job of educating their residents. They're getting not data entry jobs but data analyst jobs off of Wall Street, and no doubt some off of Bay Street. If we want to be able to keep an education advantage in this province, we have to address some of these underlying trends very directly.

What we see happening, and what we're starting to invest in this year, is a development toward keeping 16-year-olds and 17-year-olds who haven't attained their diploma in learning situations for longer. The principal way we're going to do that is by coming up with new kinds of programs for apprenticeships, co-op programs and a whole range of things that we think are already in pretty good evidence in this province but need to be expanded and need to have commitment from the provincial government.

We're in discussions with employers—and we'll soon take it to a public level—around an alternative diploma. There are students who can attain a lot academically under the current system, but they may not get the 30 credits they are seeking for a variety of reasons, but we can accomplish something in a work experience setting that should be creditable. This is something that should be able to stand them in good stead.

If we can change the outlook on the part of employers and probably as well on the part of families—I mean, one of our biggest challenges in Ontario today is that most parents want their kids to go to university. That's laudable. We want parents to be ambitious on behalf of their students. But the numbers come in something like 81% expect their son or daughter to succeed at university. Ontario is the most successful jurisdiction at putting students into university, even today, and it's 28%. So we can't be saying to the balance between those two numbers that somehow they're not succeeding. That's something we're going to have to work on.

If you go to some other jurisdictions, Europe, for example, there is a different expectation on the part of parents. It's more balanced; it's 30% and 40% that will expect that.

We want to drive for the highest education attainment possible. If we can improve on 28%, we're certainly going to do that, but somewhere within that we've got to realize there are students who are not reaching their potential, who may not be getting their high school diplomas, but they'll also not be getting very much

traction in their employment and their other aspirations. We think something can be done about that. We have the facilities in terms of our high schools to take care of some of the things where we would normally wait till somebody was 21, 22 or 23, becoming unemployed, and then the current federal system would offer them some kind of training opportunity. We think that can be done much more effectively in terms of looking at students reaching their potential, some of it academic, some of it work-related, while they're still in school.

There are other countries that are much better at this than we are, and we think we can make that change. Next September will be an expansion of our efforts in that regard. We do have significant efforts underway right now. Some of it is reflected here in the estimates. Some of it is reprofiling; for example, dollars the previous government put forward for what's called a teacher advisory program, which was put in with good intentions, I think. It cost in the order of \$56 million. Somewhere in the design something went badly wrong. In many schools that I visited, students were being offered half an hour a week to sit down with a teacher—it may not be the homeroom teacher; it could be somebody else; it may not be a teacher they even knew very well—with group of 20 or 30 students to talk about their aspirations for their lives.

I don't remember my teenage years that well, but that just doesn't sound that plausible even on paper. Sure enough, you'd be there in the middle of winter, you visited the TAP class, they'd just be getting their coats off and starting to talk and half an hour would be up. Despite a lot of effort around the province—and it's gone on for six years. I've been in gymnasium after gymnasium, assemblies and so on and I've had high school students vote on whether TAP was a useful experience. I think there was one student in Owen Sound who voted for it and was roundly booed by everyone else.

The point here is that this \$56 million could be used instead for remedial assistance, a variety of things. We've put that out there to the school boards, and we're hoping to conclude discussion about that this year in terms of how it could be better used in favour of students. So we're putting some of those dollars to work.

We're expanding our vocational facilities. They've also been let go for quite some time. There's \$20-million worth of renovation that we're going to be doing for our technical facilities. There are some good facilities out there, but really we're not in that game to the extent we once were. Vocational has not been, in recent years, something that is for children and young adults who have aptitude for that. It becomes more of a place to send students you don't know what else to do with, and that can't be. We've got to be able to give that program legitimacy.

There was some effort last year to address some safety issues in some of these. You may remember the shop class that you were in. It's probably still using the equipment that you did when you were in school, because that's how dated some of the facilities are that we have—

not that people in this room are that dated. It's a situation that we think is one part of an approach that says to students—because we have to change parent attitudes, we have to address employers so that they will be involved. We need a tremendous amount of co-operation from employers, and I have to tell you that the initial feedback the Premier and I are getting is very, very strong.

1600

The C.D. Howe Institute says it very clearly: The only economic policy in Canada is its education policy. That's what we control that can make an intrinsic difference to the quality of life for our society and for our economy. There are other things that people talk a lot more about, but it's clearly there that we're going to get the enterprising, that we're going to get the kinds of people who are going to be valued by employers, large or small, or are going to become employers, large or small, by dint of their own efforts.

So that's the kind of thing that we have very much started to put on the rails this year. It's going to take a shift in the schools themselves. The students are going to have to want to do this and the schools are going to have to see this as part of their role, because somewhere in the last dozen or so years there's basically been a streamlining of schools toward university- and college-only preparation. There is not really a strong program for reaching the rest of the students, so we're kind of building on some of the efforts, but there is still a lot more to be done.

So I think that we have put forward performance dollars into the system, as well as dollars that will help it to have stability. Certainly, we believe that progress depends on peace and stability. While we're here in estimates—and I certainly believe in the estimates scrutiny and welcome it from you in a few minutes. And it is about the dollars. I think there has to be a place you answer questions about the dollars you put forward.

Probably our major accomplishment in education didn't cost us anything. We've got a fair amount of enthusiasm taking place in our schools. We see parents having a higher degree of confidence in the schools they're visiting. They see some of the changes taking place, whether they're the smaller class sizes or a cleaner hallway.

Next year, we're putting out \$2 billion for repairs. It's taking that time for boards to get their proposals ready, but we are going to pick up some of that deficiency for the first time. So we're expanding the renewal dollars for school repairs very significantly. Currently we pay about \$340 million per year, and we're going to put a one-time \$2 billion on top of that in order to help catch up some of the places in your communities that simply aren't at the standard we would want them to be at. We can't say there's a higher value in education and we can't be convincing about that with students if they are in facilities like, for example, Nelson Mandela School here in Toronto. It's a terrific name, but it doesn't deserve to be on that building. There are rusty staircases; there are

washrooms for the JK kids where water comes periodically pouring through. Certainly, these needs have to get addressed, and that's part of what we're planning to do. This year, we made some small start with that, doing some energy retrofitting in buildings and so on, but boards are lining up very enthusiastically on what we can do with that.

The mix here is student achievement going forward in the context of a rounded investment, picking up on some of the problems, and building some of the confidence that we need, because education is no longer a matter just for government and school boards; we need the enthusiasm of the public to make it happen as well.

The Vice-Chair: Thank you very much for your opening statements, Minister. Now the opposition will have 30 minutes to make their statement and/or present questions.

Mr Jim Flaherty (Whitby-Ajax): Thank you, Chair. The operations budget for the ministry this year is \$10.6 billion? Is that right?

Hon Mr Kennedy: As you'd well know, that is the amount allocated by the provincial treasury to the Ministry of Education, not including the resource from local property taxes, which is about another \$6 billion.

Mr Flaherty: So \$10.6 billion and the government is planning to go to \$12 billion three years from now in 2007-08, is that right?

Hon Mr Kennedy: Our plan is to invest, total, about \$2.6 billion more over the next three years but, again, you're dealing with a portion of the total investment, which is that part coming from here. You have the number before you in estimates, and we don't have fully precise projections for the next four years in terms of that portion. But basically, it's about \$2.6 billion on last year's spending.

Mr Flaherty: Have you looked at the Minister of Finance's fall economic statement, where he says that Ministry of Education operating spending is projected to increase from \$10.6 billion in 2004-05 to \$12 billion in 2007-08? Is the Minister of Finance wrong?

Hon Mr Kennedy: No, he's not wrong.

Mr Flaherty: That's fine. That's all I need, thanks.

Hon Mr Kennedy: But, again, it all depends on what he's putting forward. In other words—

Mr Flaherty: He's talking about the operating spending in the Ministry of Education. It's quite clear what he's talking about. You know what he's talking about; I hope you do. I certainly do.

Hon Mr Kennedy: I can certainly explain the difference to you, but only if you're interested. This is your time.

Mr Flaherty: That's fine. Then he says the per student funding will increase by more than 14%.

Then he talks about—I hope you've read this—enhancements for capping class sizes. I'm going to ask you about that a bit. The Minister of Finance says there is \$90 million for capping class sizes in 2004-05. What is the ministry's estimate of the total cost of arriving at the hard cap that you say you want to arrive at?

Hon Mr Kennedy: The total cost of the hard cap is about \$375 million. We have invested \$90 million so far, and we're still having discussions. There's a committee meeting throughout the fall with school boards around how it can best be implemented. We have different circumstances in different parts of the province, and we're trying to look at what those implications are. The final costing will be affected by those discussions, but that's the number I can give you right now.

Mr Flaherty: All right. So that will be a hard cap in every school in Ontario at 20 students from junior kindergarten to grade 3, is that right?

Hon Mr Kennedy: That's correct.

Mr Flaherty: All right, a \$375-million grand total.

Hon Mr Kennedy: Right.

Mr Flaherty: That will be as of 2007-08?

Hon Mr Kennedy: Yes.

Mr Flaherty: How was that calculated?

Hon Mr Kennedy: In what respect?

Mr Flaherty: By the Ministry of Education. How are you calculating the \$375-million total cost for a hard cap of class sizes at 20 students from junior kindergarten to grade 3 in every school in Ontario by 2007-08?

Hon Mr Kennedy: It's being calculated based on the number of teachers required and the space implications. Those are the two variables.

Mr Flaherty: How many teachers?

Hon Mr Kennedy: I don't think we have a total number of teachers to offer to you right now. It does depend a little bit on the deployment.

Mr Flaherty: How can you calculate a figure without the information? How many teachers?

Hon Mr Kennedy: We'll get you some of the underlying things for that calculation. I'll have those brought forward. But I just want to say to you that we're working with a range of variables. The \$375 million is, we think, the most likely of those scenarios.

Mr Flaherty: Why do you think that?

Hon Mr Kennedy: Simply because of the way we've looked at the question. The question has two parts to it. One is how many teachers are required. That's a relatively straightforward calculation based on what we know about existing class sizes.

Mr Flaherty: How many?

Hon Mr Kennedy: I'll have that exact number brought forward for you.

Mr Flaherty: Even an estimate. My goodness, Minister, you're here before the estimates committee giving a figure of \$375 million. Presumably it's been calculated somehow. What's the calculation?

Hon Mr Kennedy: Again, I'll have that detail brought forward for you. I'd be happy to get it to you before we conclude today.

Mr Flaherty: It's not a detail.

Hon Mr Kennedy: Mr Flaherty, it is. I'm telling you that we're still in the process of talking in detail to the sector. Until that's done, there is no detailed costing that can be put forward, because it's still in progress. I made that clear to you earlier.

Mr Flaherty: Would the ministry then provide the exact manner in which the ministry calculated—I assume the ministry calculated this figure of \$375 million.

Hon Mr Kennedy: Again, we'll bring forward for you the detail that we can. It will, I think, include a number of teachers. But I will tell you, because it's important for the accountability we want to put forward, that we are still working on final estimates, in conjunction with school boards, of what it will take to do that. I cannot give you a definite number of teachers until we've concluded that.

Mr Flaherty: Well, you come with a definite number, Minister, but now you're saying to the taxpayers—

Hon Mr Kennedy: That's my job. Mr Flaherty, I'm giving you a number. You're asking the number we would stand behind. With a number of assumptions built into it, that is a number.

Mr Flaherty: What's the arithmetic?

Hon Mr Kennedy: The arithmetic for a significant portion of that, about \$300 million, is the number of teachers it would require, which I've offered to bring forward for you and that you can examine at your leisure.

Mr Flaherty: Three hundred million dollars for teachers.

Hon Mr Kennedy: The balance of that is the capital required to create spaces.

Mr Flaherty: Plus capital. Will the ministry provide the calculations for the \$375 million?

Hon Mr Kennedy: Again, what we can do is give you some of the elements that go into this. The ministry is in the process of finalizing an estimate. They're doing that with a committee of the school boards.

1610

Mr Flaherty: Chair, I think the committee's entitled to know how this is calculated.

The Vice-Chair: There has been a question put. Minister, are you responding by saying that you will provide—

Hon Mr Kennedy: I will provide to you what the ministry has by way of this, but I'm cautioning the member and the committee not to expect that there will be a full and final detailed costing, because we're still in the process of doing that and, therefore, I'm not in a position to provide it. But in terms of a working estimate, we've brought in an estimate as a new government. We've had its assumptions examined and, subject to the other discussions that we're having, that estimate is holding firm. There may be changes, and we'll be happy to share those once we've done our consultations.

Mr Flaherty: The Ministry of Education was asked the cost of that hard cap at 20 students for junior kindergarten to grade 3 before your government was elected. They costed it at \$1.63 billion. Is that correct, Minister?

Hon Mr Kennedy: Well, when I came to office—it's good that you would bring that up, Mr Flaherty—I asked the ministry, "Could I see that estimate?" and they said that none was provided; that it was simply a calculation done, based on assumptions given to them by the then

minister and minister's staff. So there is no study. I want to be clear on this point. There is no study to put forward that figure. It seems to have been something of a political figure that was used by the then government. So \$1.63 billion has no study to support it as relating to the cost.

Mr Flaherty: No one said "study" except you, Minister. It's a calculation. Would the ministry please provide the committee with the calculation of the cost of the hard cap done before your government took office?

Hon Mr Kennedy: Sorry, is this the same thing I offered to give you?

Mr Flaherty: Would the ministry please answer that question? What was the calculation? If they can't do it right now, it can be done later.

Hon Mr Kennedy: I've already offered to provide that to you, but again, it will be a calculation. You referenced your own number from the previous government. I'm just telling you that I asked for that study or I asked for the basis for that and, essentially, there is none.

Mr Flaherty: Perhaps I haven't been clear. No, you didn't say there was none. You said there was no study, Minister.

Hon Mr Kennedy: No, I'm telling you there is none for the previous number.

Mr Flaherty: Listen, I don't want to quibble with you. Was an estimate done, was a calculation prepared, and would you provide it to the committee? This is before your government took office in October 2003.

Hon Mr Kennedy: I was advised that your previous government had asked for that number but that it was done according to parameters that the then government provided. The answer is no. I asked for it and couldn't get any piece of paper.

Mr Flaherty: I'm sorry, the answer is no to what? You won't provide the calculation?

Hon Mr Kennedy: The answer is, I couldn't get any calculation or any detail.

Mr Flaherty: I'm not asking what you could get. The deputy minister is sitting beside you. Will you provide the information or not?

Hon Mr Kennedy: I'm telling you, as minister, I was very surprised that the previous government would use that number publicly and yet have no basis for it. It is surprising.

Mr Flaherty: Will the ministry provide the information to this committee on behalf of the taxpayers of Ontario or not?

Hon Mr Kennedy: Which information, Mr Flaherty? You're talking about the information that you had?

Mr Flaherty: I'll do it again. Listen carefully, Minister. I'm asking you for the calculation done by the Ministry of Education of the province of Ontario of the cost of the hard cap to cap class sizes at 20 students from junior kindergarten to grade 3, prepared for the previous government before your government took office in October 2003.

Hon Mr Kennedy: Mr former minister, as minister, I asked for that and was told it didn't exist.

Mr Flaherty: I didn't ask you what you asked for. I said, "Would the ministry?"—if the answer is, you don't have it—

Hon Mr Kennedy: I would say, through the Chair, the answer is very clear-cut. He's asking whether or not I can provide the calculation. I'm telling him that, despite his use of it and the use of it by the previous government, I've been told by the ministry it doesn't exist.

What that means and who actually came up with that number, I can't tell you.

Mr Flaherty: All right. I'll be satisfied with that answer if the answer from your ministry is that it does not exist—in writing, please, to the committee. Is that satisfactory, Minister?

Hon Mr Kennedy: I know we're honourable members. I'm happy to give you whatever we can from the ministry about the circumstances under which that number was derived. I was curious myself, and I'm happy to give you, in writing, their answer, but I will stand by my answer. As an honourable member, I will ask you to accept that answer.

Mr Flaherty: Thank you. That's fine. You weren't there at the time, Minister. I'm not doubting what you're saying; I'd just like to see it from the ministry.

We have another number. This is from the cost breakdown of the Liberal platform promises prepared by the Ontario public service, the so-called 60-page document, still dealing with capping class sizes. This was broken down for the Ministry of Education: year 1, year 2, year 3, year 4. Year 1, \$300 million, not \$90 million; year 2, \$640 million; year 3, \$900 million; year 4, \$1 billion. Are you familiar with those estimates, Minister?

Hon Mr Kennedy: No, I'm not. I believe you're referring to something that was created by the Ministry of Finance. I asked whether any studies had been done, and they said those were just notional numbers they'd put down. Again, there is no basis—those figures were plugged numbers that they put forward in anticipation of a new government coming in. I can't say what went into them because there is nothing that is available on that score.

I will note for you, Mr Flaherty, since you raise it, that the same document talks about a range between \$500 million and \$1 billion and, I think, shows the nature of the figures you're dealing with. They are not someone's findings; they're not someone's detailed calculations; they are simply a guess at what might be involved in that. If you want to spend a lot of time on the fanciful numbers, that clearly fits the category, just like your \$1.63 billion does.

Mr Flaherty: I'm interested in your opinion about your ministry's work, but your ministry did some work—

Hon Mr Kennedy: The ministry did not provide those figures.

Mr Flaherty: You think it's fanciful, but I beg your pardon. We already know—

Hon Mr Kennedy: I want to correct you, Mr Flaherty. The Ministry of Finance provided those numbers.

Mr Flaherty: Minister, I'll save you a lot of trouble. We already know that various ministries provided information to the Ministry of Finance, including the Ministry of Education, so don't pretend—

Hon Mr Kennedy: I appreciate your proficiency with that, but I asked the question directly when these erroneous numbers came up, and they were not provided by the Ministry of Education. I just want to correct you, for the record.

Mr Flaherty: We'll let others judge what's correct and what isn't, and we'll see, over the next few years, what's correct and what isn't about the cost of the hard cap. You may be absolutely right; you may not be.

What I'm asking for, on behalf of taxpayers, is to have the information brought forward to the estimates committee of the Legislative Assembly with respect to the work done by the Ministry of Education to try to cost this program over the next several years.

Hon Mr Kennedy: Again, what I would offer to the committee is detail about the \$90 million that we've put out there: how that was costed, how we're anticipating that. I've also offered to the committee that, as we refine an estimate, that information will also be available. Those will be responsible numbers. Those will be the kind of things that would really satisfy the public interest in terms of how the dollars are being spent. I can't do much around the supposition that the previous government made or, indeed, the particular document that you're working with, which has been disavowed by the financial officials who wrote it.

Mr Flaherty: Why are you objecting to disclosure, Minister? The question is simple. If you want to say no, fine. But the question is this: Will you produce the work that was done by the Ministry of Education in order to provide the Ministry of Finance with information upon which that ministry determined—guessing or otherwise—the numbers they used in the 60-page document that was obtained pursuant to the freedom of information legislation in the province of Ontario? Will you produce it or not? If not, there are other places where it can be discussed.

Hon Mr Kennedy: Again, through you, Mr Chair, the answer to the question is that the Ministry of Education did not provide supporting material to the Ministry of Finance for that number; it was derived within the Ministry of Finance. I want to be very clear and on the record on that.

If there was other information, I would be happy to provide it. If the member wishes to request information that is the work of the ministry, we'll be happy to provide that as well.

Mr Flaherty: Will you confirm then in writing that the ministry has no such information that was provided to finance? I'll be happy to have that. If what you say is true, you won't have a problem doing that.

Hon Mr Kennedy: We're happy to provide you with some assurance that what I just said is true, sure.

Mr Flaherty: The capital cost of the new hard cap on class size is based on the calculation of how many classrooms?

Hon Mr Kennedy: Again, I will provide you with some detail, to the extent that we can. The capital part is the part that is most in discussion right now. There has been no separate work done on that because we're in the process of a capital review on the part of the ministry. There is no separate work being done. The ministry looked at certain assumptions to see whether that would hold as an estimate for the purposes of forecasting our costs, but there are significant elements of this that have to be worked out on the capital side.

Mr Flaherty: Do you have any idea, over the course of the implementation of this program to conclusion in 2007-08, are we talking about 1,000, 2,000, 10,000 or 300 classrooms? Do you have any idea?

Hon Mr Kennedy: We have right now, to give you an idea of the variables that are at work, 90,000 empty class spaces in the elementary system. Those 90,000 spaces are in a variety of configurations. Working out the exact plans requires us to take that into account. So what we have there—\$75 million—is the result of several models looking at a variety of classroom numbers. But we have to work closely with the school boards to get the precise numbers that would allow us to say, "It's exactly this number of classrooms."

Mr Flaherty: I didn't ask you for an exact number. Do you have any idea?

Hon Mr Kennedy: I think we're looking at—for example, the costing is based on debentured amounts. As you know, that was the system your government set up. Actually, I'll provide you with that in writing, if it's all right, maybe by the time the next round of questions comes around.

1620

Mr Flaherty: Thank you. In the Results Ontario document your government published, it is said that class sizes were reduced in the early grades this year for about 1,300 schools. How is that calculated?

Hon Mr Kennedy: The schools are all required to provide reports on how they were going to utilize dollars, and so that's essentially a tally of the boards' reports.

Mr Flaherty: Could you provide the estimates committee with the breakdown of that calculation and how that 1,300-school figure was arrived at?

Hon Mr Kennedy: We can provide you with—sure—a listing, by board; would that be sufficient?

Mr Flaherty: Thank you.

Hon Mr Kennedy: Good.

Mr Flaherty: All right. Moving on to student safety, Minister, as you know, you indicated in the Legislature, in response to my questions, actually, that you would bring in amendments to the Education Act with respect to volunteers and making sure that volunteers' backgrounds were checked before they were permitted to work with children in the schools. I brought in a private member's bill about that; I think it's Bill 143. Since your ministry has been working on this issue, has the costing been done?

Hon Mr Kennedy: Well, there's a range of costs involved because volunteer screening is being performed

at a different cost by different police forces around the province. What I would say is that the cost, unfortunately, has a range from \$12 up to \$90 per individual. It is why we're still working on a broader set of legislation. I would say that there are two problems. One is that we have a large number of boards that are already using a volunteer screening program. We are prepared to make that the standard across the province, but we are trying to make sure we understand the implementation issues, because it does represent a cost. The other element here is that that isn't going to be sufficient. When we look at the Robins report, the screening is about a certain level of criminal offence, and we believe also that there has to be a means by which we would pick up persons whom your government exempted; for example, other staff, like education workers, were exempted when it came to sexual abuse incidents, and there has to be a way of doing that—

Mr Flaherty: I'm very familiar with—

Hon Mr Kennedy: Well, I just want to say to you that you voted down my amendments—your government did, in every single case—to do this at the time.

Mr Flaherty: I don't want a political argument. I'm asking you for the calculations, Minister. This is estimates committee. You can make the political argument somewhere else.

What are the estimates for the costs of this volunteer screening program? Would the ministry please provide that to the committee?

Hon Mr Kennedy: Because we're still talking to school boards, we won't be able to provide you with an estimate for the total, in costs, of all school volunteers; we may at a later date, but that doesn't exist at this point. We have some experience in those 22 boards, and when we have that summarized, we'll be able to make that available to the members of the committee.

Mr Flaherty: Where did the \$12 to \$90 per individual—

Hon Mr Kennedy: Well, those are the individual charges, but it's different to know exactly how many volunteers it would apply to, exactly what criteria would be in place and if we're looking at provincial criteria, because based on some of the experiences, we want to be very careful not to create more problems by bringing this to bear. So again, in order to get a cost estimate, we need to know exactly how many people it will apply to, and that's something that's being worked on with the school boards right now.

Mr Flaherty: What percentage of the transfer payments by the Ministry of Education to the school boards goes to salaries, benefits and pensions of teachers?

Hon Mr Kennedy: Speaking just to the salaries and benefits, it's something in the order of 70%.

Mr Flaherty: Of course, the school boards are negotiating now with teachers, who are working without contracts. What is the cost, then, to the ministry, that is, the taxpayers of Ontario, for each 1% increase in compensation for teachers?

Hon Mr Kennedy: For teachers and education workers, it's about \$114 million dollars for a 1% variance.

Mr Flaherty: And is that \$114 million per annum?

Hon Mr Kennedy: That's right.

Mr Flaherty: What figures have you used when the Minister of Finance said that the Ministry of Education operating spending is projected to increase from \$10.6 billion in 2004-05 to \$12.0 billion in 2007-08, as he said in his economic statement a couple of weeks ago? What percentage have you used over 2004-05, 2005-06, 2006-07, 2007-08—four years.

Hon Mr Kennedy: Two per cent and then, provisionally, 2.5% and 3%.

Mr Flaherty: Is all of that enveloped in the grants?

Hon Mr Kennedy: I think that from your previous time as chair of the education committee you would know there's an envelope that goes for salaries as part of the foundation grant. There are also five or six other grants that also contain salaries. The biggest one would be special education, for example. So that in increasing the salaries, it is nominally enveloped, but like much of the funding formula it depends on a number of other rules as to whether it really has to be spent in that exact category. So there isn't, I think you realize, a particular envelope for salaries that applies to them all. They instead show up in a variety of these envelopes.

Mr Flaherty: Just so I understand, you anticipate 2% in 2005-06 or 2004-05?

Hon Mr Kennedy: Both.

Mr Flaherty: And in 2006-07?

Hon Mr Kennedy: It's 2.5%

Mr Flaherty: And 2007-08 is 3%?

Hon Mr Kennedy: That's correct.

Mr Flaherty: So we have a total increase in operating spending by the ministry of about \$1.4 billion, according to the Minister of Finance, over the next several years to 2007-08. Have you done the calculation, or can the ministry do the calculation, of what the anticipated increases will cost at the 2%, 2%, 2.5% and 3%?

Hon Mr Kennedy: It's just over \$1 billion.

Mr Flaherty: Just over \$1 billion?

Hon Mr Kennedy: Yes. Again, you're going to compare apples and oranges if you look at what the statement says, because you're looking at the portion that comes in a certain number of years—I think he's talking about three years—not going back a year, in terms of the deal that's already underway. So we'd be happy to provide you with that. In total, there's \$2.6 billion in new spending in education, the bulk of which, \$2.4 billion, is in the years that you were asking about salary figures.

Mr Flaherty: The Minister of Finance goes on in his statement to say, "Per student funding over the same period will increase by more than 14% to nearly \$9,100 in 2007-08, or over \$1,100 per student." Can the ministry provide the calculations that give rise to that 14% conclusion by the Minister of Finance in the Economic Outlook and Fiscal Review?

Hon Mr Kennedy: Sure, very simply.

Mr Flaherty: Special education funding clawbacks: One of our school boards, the Durham District School Board, and other school boards as well, have written to you, Minister, as you know, and to the Ministry of Education about being able to spend the special education reserves. Specifically, the Durham board allowed—I'm sorry, the special education advisory committee chair asked that they be allowed to use existing reserves to meet students' needs in the upcoming year. That's in a letter dated October 1, 2004, to yourself. Is the plan to permit these various school boards, the Durham school board and the Halton Catholic District School Board, for example, to use those reserves to serve special needs students this school year?

Hon Mr Kennedy: The boards are able to use reserves that we provided for. In fact, they're twice as generous as reserves that existed for seven out of the eight years under the previous government; that is, they're allowed to have 2% of their total spending as reserves and they can apply that as they see fit. A very large surplus was generated for boards two years ago when the previous government sent money out so late in the year that some boards couldn't utilize it. That surplus has now been subject to new, more responsible rules so that it has to be spent in the local area. But if it's above the 2%, it will reduce the allocation that year. Every single file will receive funding; in other words, every single approved student who has been vetted is getting funded. But the surpluses are going into a provincial fund that then will be applied for by individual boards for individual students who have very high needs.

Just to reiterate, every board has been asked to spend their surplus, and they're also allowed to control independently another 2% of their total spending, not 2% of their surplus, as a matter of making good use of these dollars that were sitting in bank accounts. I think about 38% of the \$200-million increase provided by the previous government went to bank accounts, some \$76 million in the years 2002-03. We are obviously trying to make sure those dollars support students, and we've encouraged, through a direction to the boards, that they do exactly that.

1630

Mr Flaherty: So they can they spend the money?

Hon Mr Kennedy: Again, they can spend the 2% of their total amount that we've stipulated can exist in their reserves going forward.

Mr Flaherty: Minister, they didn't spend the money because there was a review going on. So they held the money in trust, and they feel they should be able to spend the money for the needs of special education students in Durham region. So do I, quite frankly, and I think the other members from Durham region feel the same way. You're saying they cannot.

Hon Mr Kennedy: With respect, sir, you're contradicting your own government, because your government qualified those dollars for ISA 2 and ISA 3 students. The money was not spent for ISA 2 and ISA 3 students. We are funding every single approved case under the system

your government set up. Every single one gets current dollars. There is no need to spend additional dollars for those particular students. The money that was generated by poor cash flow management by your government is being used instead for some of the emerging cases, because, frankly, the system your government had set up had a lot of holes in it. We're going to enable other students to receive ISA 2 and 3 funding.

The idea that education is a funding game somehow, which I think you're endorsing, is simply not something that appeals to us. These dollars are meant to be helping our ISA 2 and 3 students, who are the students who have, as you know, the highest expressed needs. One of those students generates either \$12,000 or \$27,000 each by way of grants. These dollars are meant to help them. We're going to deal with the needs in the province in a very significant way. A 65% increase in the last two years has gone toward the needs of these students, and we're going to continue to make sure these monies get spent on their particular needs.

Mr Flaherty: Thanks, Minister. I only have a couple of minutes. I'll tell the special education advisory committee in Durham region that they cannot spend the money, that the answer to their letter is no, because that's the accurate answer.

Hon Mr Kennedy: Well, we'll respond to their letter in due course, because just hearing you, Mr Flaherty, you're not answering accurately. They do get to spend the allowable surplus, which is double the money they had under your government. They get to keep it and they get to design their purposes for it. But the large bulk of money you deposited into school board bank accounts—

Mr Flaherty: We'll let them decide about that.

Hon Mr Kennedy: —has to be spent responsibly. That's something I thought you might have been interested in doing, but apparently you've changed in opposition.

Mr Flaherty: We won't sit in judgment on that; we'll let them decide. We'll let the parents of special needs students in Durham region decide about the fairness of your view.

Hon Mr Kennedy: Well, thanks to this government's taking responsibility, they've received 65% more dollars. You made them wait for six years. Six years you sat in cabinet and wouldn't fund those cases from Durham region and every other one that were approved, time after time.

Mr Flaherty: Is it the intention—

The Vice-Chair: There's one minute left.

Mr Flaherty: There's only one minute left. Have you costed the promise to fund schools for success over the next several years? Has the ministry done that? In the 60-page document it was, oh, \$115 million, \$300 million, \$600 million, \$730 million. Have you done that work?

Hon Mr Kennedy: Excuse me? I'm not sure which document you're referring to.

Mr Flaherty: "Funding schools for success": that promise that your government, today's government, made when it was seeking to be the government.

Hon Mr Kennedy: Yes?

Mr Flaherty: Has the ministry costed that plan?

Hon Mr Kennedy: Again, I think you might be confusing some wording or there may have been two meanings. There's a student success program in high school that is currently receiving funding of about \$75 million directly, another \$20 million for vocational, and then we're trying to reprofile about \$56 million on the TAP program that failed. Those are the dollars that are committed to it currently. I think, though, if you're referring to the election document—is that what you're referring to?

Mr Flaherty: No, I'm referring to the 60-page document. You can have a look at it for yourself. I thought you would have looked at it. I would like to know the funding for "Funding schools for success," "Better student achievement," and "Mandatory learning to age 18."

Hon Mr Kennedy: If I could for the sake of the record, Mr Chair—

The Vice-Chair: Just a little caution here. Given the limited time for these actual hearings on education, if members have questions, they must be tabled with the committee and the clerk prior to the end of the hearings today. There are clearly some outstanding questions here. Again, Minister, you've indicated that a few of the responses would be submitted to the clerk. Those will be distributed to the members of the committee.

With that, in your next response you can probably elaborate either in your own time or when your rotation comes around to respond to some of those questions.

At this time, it goes to Mr Marchese: 30 minutes.

Mr Rosario Marchese (Trinity-Spadina): Thank you, Mr Chair. First of all, Minister, after Jim, I feel almost obliged to be nice. I was hoping to be a little harder, but now I'm hiding.

Hon Mr Kennedy: I thought he was being nice. I'm sorry. Did I miss something?

Mr Marchese: That's good. I'm glad to hear that. Was that the case?

Hon Mr Kennedy: Yeah, that's how I experienced it.

Mr Marchese: I'm glad to hear it. It was just me, then.

I want to talk about a couple of issues. I want to start with the transportation money that you alluded to. You're familiar with your document, obviously.

Hon Mr Kennedy: The exhibit you're holding up is one page from a document that's a draft transportation formula, and that is one page showing a scenario if the—

Mr Marchese: Gerard, I've got a couple of questions. Hold on.

Hon Mr Kennedy: I just want to make sure. I can't actually see from here, so is that what you're talking about?

Mr Marchese: It says, "Table 1—Projected Transportation Allocations."

Hon Mr Kennedy: Does it say "Draft" at the top? I think it says "Draft Funding Formula." Is that what it says?

Mr Marchese: No, no; I want to tell you what it's called.

Hon Mr Kennedy: Mr Marchese, I just want to know, are we dealing with the same page? Does it say "Draft" on it?

Mr Marchese: No.

Hon Mr Kennedy: Are you sure at the top it doesn't say "Draft"?

Mr Marchese: Maybe you've got another copy that says "Draft."

Hon Mr Kennedy: What we published said "Draft" on it.

The Acting Chair (Mr Wayne Arthurs): Minister and Mr Marchese, it may be easier for Hansard if we have one member at a time, please.

Mr Marchese: Do you think, Mr Chair?

Hon Mr Kennedy: Well, I'll make an assumption that that's what it is.

Mr Marchese: We're going to get to that, Gerard, don't worry. But this is called Equitable Allocation Through a New Funding Model for Student Transportation in Ontario. I just want to ask you about this phrase, "equitable allocation." How did you come by naming this document Equitable Allocation Through—there must be a rationale for it.

Hon Mr Kennedy: I've got to say that the naming of that came from the ministry itself. It wasn't something that I'm familiar with the origins of. If you'd like, I can inquire.

Mr Marchese: That would be good.

Hon Mr Kennedy: "Equitable allocation," anyone?

Mr Marchese: Gerard, maybe it's not a good idea.

Hon Mr Kennedy: We'll find out for you. I don't know. I'm not sure what the words themselves were chosen for.

Mr Marchese: The reason I have a problem with that title is that the Tories used to use those kinds of titles. I used to say, "Whatever the title says, think the opposite." That's what I used to say. Some of the Liberals used to say the same thing after I started doing it.

I was concerned about this document being called that because, as I look to it, it doesn't appear to me to be too equitable. Under your new funding system, about half of the boards win and half of the boards lose, and many of those boards lose a lot. Is that true?

Hon Mr Kennedy: No. Just to be factual about it, first of all, every board wins in the sense of getting more dollars this year. What we're discussing and I'm very happy to discuss is a draft scenario that would put forward what could happen over the next number of years to have an objective funding formula. So in terms of equitable allocation, I will stand behind those words, despite not having chosen them. It is going to be equitable and objective, and I'm happy to get into as much detail as you want about whether this is and what we've received by way of feedback in the meantime.

What I would say is, in the draft you have front of you, it proposes that over a number of years, two thirds of the boards stand to get more money. One third of the

boards would stand to get somewhat less money, but only for one reason: if, at the end of the day, they are proven to be less efficient than the other boards. The funding formula tries—it only tries, because it's a draft; it's the best effort that could be made, with the boards' input. This has been worked on for over a year.

Mr Marchese: Gerard, you're going to be able to answer those questions—

Hon Mr Kennedy: So two thirds are up; one third, it's proposed, would go down over time. I've got to be very clear, though: That's very much a draft, and there's already another draft that's been put out to the boards.

Mr Marchese: OK. You see, this is the problem I have, because you're talking about it, and this is a discussion paper, you keep on saying. But isn't it true, as you're saying, that you're phasing in the funds this year for those boards that are receiving increases?

Hon Mr Kennedy: What we did was use—we said we did not wish to implement the funding formula without a year of discussion. Instead, we used it as a directional instrument so that boards that were to see very large increases got modest increases from us. Boards that were not seen to be increasing at all got 2%. The maximum was as high as 12%. Yet under that model, you'll see that there are boards projected to get as much as 40% or 50% more dollars eventually, should that model actually come into existence. So that's the difference. We really just use it as a bit of a guide. It is not the same as implementing the formula, because there are huge gaps between in all cases, and we did not reduce funding for any single board. Every board got at least 2%.

Mr Marchese: Gerard, if it's a guide, how could it be a discussion paper if you're already implementing the new funding model?

Hon Mr Kennedy: Only because we felt that we could discuss the vast majority of the implications and still use some of this as a guide. We took a very limited position in terms of what could be done.

We had two choices here, Mr Marchese. We could have waited and done nothing for school boards, like the last government did for seven years, or we could take the best work that had been done and use it as a way to help boards. I'm not telling you that that's the ideal answer, but it is the best thing we could do to start helping school boards. It helped us put \$33 million more into transportation around the province. It was the fairest available means at the time, but it is still a draft.

1640

Mr Marchese: I hear you. I hear your rationale. I look at the sheet and I see that it's not as equitable as it says, so I've got a problem with that.

Then I look at that sheet, and I say, "Hmm." Some boards are getting increases right now—and you're putting forth a rationale as to why that is happening—and some boards are going to get decreases. Many boards, as you know, are planning for that. So if boards that are receiving increases get funds this year, in your view, doesn't it make sense that the boards that are getting cuts will be changing their service delivery this year to prepare for those cuts?

Hon Mr Kennedy: I wrote to the boards on two occasions and asked them especially not to do that. There are two possible outcomes. One is that boards can become more efficient. For example, boards that are not working with their coterminous boards are probably not going to be as efficient. The funding formula takes into account that idea, so if they're not doing it, they could start to do that and still not cut services whatsoever.

Alternatively—they have already been doing what this alternative implies, which is sitting down at the consultation sessions we're holding and trying to get us to understand where the formula isn't being fair or, to use the word that you're interested in, equitable. Therefore, the formula itself will change. I can tell you that there is already consideration being given to quite a number of changes, so that's under way.

To be very clear, because I think it is an important point you raise, no board should be making decisions yet based on this funding formula in terms of reductions because—

Mr Marchese: But Gerard, you will understand—

Hon Mr Kennedy:—too much of it is taking place. I've also clarified that for a number of boards directly.

Mr Marchese: Hold on. I'm trying to ask you a couple of questions—

Hon Mr Kennedy: Yeah. You wanted an answer—

Mr Marchese:—because I remember you were a buddy of mine here on the other side, trying to deal with Minister Witmer, and you were as engaging as I'm trying to be. Give me some time. I've got a lot of questions. You'll be able to answer.

Hon Mr Kennedy: Just give me a sign. Just do this and I'll stop answering. If you've got what you want, then just do that.

Mr Marchese: Exactly. This is what we're dealing with. I know you're saying that's not what we're dealing with, but this is what boards are dealing with in terms of money they're getting and money the boards are going to get cuts on, that they're planning for. That's the only document we have that's public, produced by your ministry, that we're dealing with. So when you're saying to boards, "Don't do it," it's a bit complicated, because what you promised when you came in was to reinvest in transportation. Instead, this model talks about redistribution.

Hon Mr Kennedy: No, whenever you want me to answer, but there are a number of things you're saying that I would like to address.

Mr Marchese: Sure. Don't be too long, because I have a few questions. Go ahead.

Hon Mr Kennedy: Basically, it isn't about redistribution, because there's an additional \$20 million already invested and another \$13 million for a keep-up element. So \$33 million more is in there. When you say redistribution, the fact is that this formula addresses the fact that the last government neglected for seven years to put it up.

Mr Marchese: I understand that.

Hon Mr Kennedy: The point being that there has never been an equalizing between boards. We're obliged

to do that, and we should be doing that. Some boards were locked in at inefficient levels, and some were locked in at very tough levels after their amalgamation.

Mr Marchese: I hear you.

Hon Mr Kennedy: I think everybody, including the boards, has called for a transportation formula. This is the first draft version of it. What you're saying is, "Well, it's on paper," because we're showing some respect to boards. We're not trying to hide from them what this could do.

Two things: it would only be implemented over several years—we've said that from the beginning—and again, those numbers are in the process of changing. Every board is at a consultation this week and next, and they're going to learn that and have that reinforced. So there should be no changes until they see the final.

Mr Marchese: You see, the problem I'm having is that if it was a draft discussion or discussion paper, you wouldn't be putting out this page. You wouldn't be putting out a page that says some boards are going to get money—

Hon Mr Kennedy: Can I respond to that very directly? Because boards asked us to. Boards said, "We're not going to pay attention until you tell us what this could mean for us." That is the way the government has consulted in the past. They say, "Well, here's some blank paper and some crayons," but they don't say, "Here's what we really intend to do."

This was the best model that could be developed by the boards themselves working on a committee, some 20 of them working together, and then we put this as the explicit thing. But we said, and we tried to put a bigger warning sign, perhaps, "Don't use this yet. Help us make sure it's the right formula."

Mr Marchese: OK. I got you.

Hon Mr Kennedy: That's a better way to do education funding.

Mr Marchese: Do you think your cuts are going to affect the delivery of service for some boards in some way or other, in terms of the way they're planned?

Hon Mr Kennedy: No, because we are saying that one of two outcomes can happen. Either they can improve their service to make it more efficient and still deliver the same levels of service, or a very high level of service, or we'll change the formula to make sure that it meets their needs.

We're working quite industriously right now—seven meetings with all the boards this week and, I think, early next week another round will be completed—and it'll be as good a formula as can be made for that. That is our commitment.

Mr Marchese: I talked to the Ottawa-Carleton Catholic board about a week and a half ago, and they've had a lot to say about this. Maybe they'll be happy to hear you say that the changes will be made; I don't know. But so far, this is what they've said:

"Trustees with the Ottawa-Carleton Catholic school board are working hard to convince the government not to cut \$10 million from the board's transportation budget in the fall of 2005."

"Trustees were outraged last June when the Ontario Ministry of Education released a discussion paper on a new funding model that proposes to reduce the board's annual transportation budget of \$21 million to \$11 million for the 2005-2006 school year.

"If this transportation funding model is approved, it will devastate the level of service our board currently provides for our students....We may not be able to provide bus transportation for students after grade 2.

"We could see children as young as 8 or 9 years old having to take OC Transpo to school," she said. "We don't see that as appropriate at all."

You're here in this picture, Gerard. You're right there.

Hon Mr Kennedy: Yes, I see right there.

Mr Marchese: Part of what they also said is that they feel somehow cheated in this whole process and that the way they were consulted doesn't appear to be the way you say they were consulted.

So they're planning for cuts, and in fact most of the other boards are planning for cuts, because they don't know what the heck you're going to do the following year. And while it's possible they're putting pressure on you the way Ottawa Catholic board is doing, that you might change your mind, they don't see it. Quite frankly, I don't see it, and I'm afraid.

The way I see this model is this—

Hon Mr Kennedy: I'm worried that you're afraid, Mr Marchese. You shouldn't be afraid.

Mr Marchese: Help me; exactly.

Hon Mr Kennedy: Let me help you. Here are the funding figures—

Mr Marchese: Hold on, Gerard.

Hon Mr Kennedy: Let's give them some credit.

Mr Marchese: Yeah, I know. Hold on.

Hon Mr Kennedy: Let's give them some credit. In that board—

Mr Marchese: Gerard, remember, this is our time.

The Vice-Chair: One person at a time, please.

Mr Marchese: At the moment, with this model, I don't see additional dollars for every board. What I see is—because I know your 2%. That's how you cleverly get away with saying, "They're all getting a 2% increase." You're cleverly saying, "Everybody is OK because they're getting a 2% increase." This is OK for now. But at the moment, with this current model that you put out, the boards are planning for cuts next year. And those who are going to enjoy increases—they got money this year for money they're expecting next year. They got money. It's hard for me not to think it's a plan when they already got money now for something that you say is a discussion paper. Because if it's a discussion paper, no one should be getting any money. Would you agree with that?

Hon Mr Kennedy: No, I wouldn't, because it's very clear that the safety and the effectiveness of students travelling to school has been compromised by the fact that the previous government didn't have a fair way of funding transportation.

Again, Mr Marchese, I'm surprised that you would endorse the idea of waiting. It takes time to build a responsible funding model. What you're saying to me is, "Do nothing. Don't help these boards." We felt that we had an obligation to help them. So all the boards got funding. The board you're referring to received \$400,000 more this year than they did last year. That was responsible. Because even if we learn, at the end of the day, that there are more efficiencies that could be obtained by that board, it will take some time to get there. They can plan to arrive at those efficiencies, but we will make sure that—when we talk about cuts, we're not talking about cuts to services. Services can be provided more efficiently. For example, the coterminous boards can work together.

Mr Marchese: I understand the whole notion of coterminous boards.

Hon Mr Kennedy: But do you agree or not agree? Otherwise, you're alleging something here that isn't supported.

Mr Marchese: But, Gerard, I'm not the minister; you are, you see. Here's the problem. Am I for safety or not? What a question. Am I advocating do nothing? No. You were the one who said you were going to increase transportation for every board.

Hon Mr Kennedy: We did.

Mr Marchese: No, you're not.

Hon Mr Kennedy: Thirty-three million dollars this year, and every board got some of it.

Mr Marchese: No, Gerard, you got it all wrong. This Ottawa board is saying that they are operating efficiently. They've been doing it for years. What you're saying to them—

Hon Mr Kennedy: Well, then they'll be able to justify the changes in the funding model.

Mr Marchese: Gerard, what you're saying to them, not to me, is that they're inefficient and that you've got to cut in order to make them more efficient, and if they can become more efficient—presumably because they've been so for so many years—they might get some money.

Hon Mr Kennedy: The Ottawa-Carleton board and I have had a couple of meetings on this, I think since the article you're quoting from, and they're also meeting this week with the ministry. They have a representative on the committee that designed this model in the first place. So when you say there was no consultation, I don't understand that.

At the end of the day, the Catholic board and the public English board do not co-operate on transportation in Ottawa. We think they should. We're sure that if they do that, they can provide a high-quality level of transportation.

Mr Marchese: I'll be very happy—

Hon Mr Kennedy: I just want to see, because you're alleging something different, and I think—

Mr Marchese: Sorry, what am I alleging?

Hon Mr Kennedy: You're alleging that the cuts will happen to student services. I'm saying to you very clearly that there's a scenario in Ottawa where the two boards

collaborate and they're able to provide a high level of transportation and not cut any services to students. I think that's what you were asking.

1650

Mr Marchese: Gerard, I don't know what the heck you think I'm asking. That's not what I'm asking. I'm not advocating cuts to services at all. I'm advocating that you put the money you said you would put for all boards. Not all boards are going to get increases is what I'm suggesting to you. The comments you're making, we'll be very happy to bring them back to every board as we discuss it with them, because I'm telling you, these people are not very happy. I'm telling you as I go around, the trustees are not very happy, not just on this issue but many other issues. But I'm happy that you're strongly defending this, I'm happy you are, because as I go around, I'll be able to tell them what you're saying.

Hon Mr Kennedy: No, what I'm defending is the process. I've said before, about that piece of paper you have, which comes with at least 30 pages of explanation—

Mr Marchese: This is not a piece of paper, this is your document. It's a public document.

Hon Mr Kennedy: Right, but it's interesting that you hold up that one page out of 40 pages in the document—

Mr Marchese: So what's pertinent about the other pages?

Hon Mr Kennedy: What I said to people previously is that the only thing I can say about that formula is it's objective. I can't say if it's accurate yet, I can't say it's fair, but if you look at that, it applies—the same formula—

Mr Marchese: Gerard, how could you not say—

Hon Mr Kennedy: —does the same thing to every board.

The Vice-Chair: One at a time, please.

Mr Marchese: Gerard, this document is called "Equitable Allocation." Are you saying you can't say it's fair?

Hon Mr Kennedy: Because it's a draft, and it has to be tested in the real world. Time after time the last government didn't test the formulas and found out they didn't work, so now they're being tested.

Mr Marchese: Gerard, that's OK, I understand. But why would you call this document "Equitable Allocation," if it's a draft? Why would some boards get money this year, if it's a draft? I don't understand. Explain that for my benefit.

Hon Mr Kennedy: Again, we felt that there was a case to be made that boards had fallen behind in general and that there were specific boards that were further behind, and this effort—and I don't want to take up more of your time—measures a lot of things; it's about measurement. It tries to say what boards are really hurting out there. If you look at what boards spent on transportation you can see they all had deficits, so we moved on that. You didn't want us to move, we moved on it.

Mr Marchese: Gerard, no, no. If it's a draft, it's a discussion paper, is it fair in your mind, or logical per-

haps even, that some boards get money right away? Because, in my mind, having been around for 14 years and as a school teacher I say, hmm, if it's a discussion paper, then we don't make recommendations right away in terms of how they're implemented, because presumably we want to give people an opportunity to see the numbers, to discuss them, to give you feedback, to say, "Gerard, I don't know about this. You might be on the right track." That's what I, as a teacher, someone who, I would argue, is somewhat logical in his thinking—do you think it's illogical, my thinking, or do you think you're at fault in some area?

Hon Mr Kennedy: No, Mr Marchese, because again, we wanted to do something more for transportation. We didn't want to implement this model because we think it had to be tested and it had to be sent for every board's scrutiny—

Mr Marchese: But Gerard, answer my question, because you're not answering it.

Hon Mr Kennedy: —but we had to have a basis for helping boards out there. So what we did was not accept the model as a whole; we simply accepted the very basic premise that it identified correctly some of the differential between boards and we met some of that differential. What I would say to you by way of justification, because you've really implied that it wasn't the right thing to do, we wanted to get the \$33 million as fairly as possible into the boards and erase some of those deficits and put some more safety—

Mr Marchese: I understand you. I hear you.

The Vice-Chair: Just one moment, please, if I may interrupt. I just want to say, Minister, with respect, you will have a 30-minute response period and Mr Marchese should really use his 30 minutes appropriately, and interjections here and there with one person speaking, that's great, that's fine.

Mr Marchese: I don't mind, it's just a way of engaging. He used to do that with the minister. I don't mind it, really, because eventually we'll cut each other off. I know, I hear you.

I'm not implying, I am telling you, that when you call this an equitable model, it's wrong, factually wrong. I'm not implying—

Hon Mr Kennedy: What would you change, Mr Marchese?

Mr Marchese: I'm not the minister. I'm saying to you that when you go around—

Hon Mr Kennedy: But the boards have that chance.

Mr Marchese: Hold on, Gerard. You're the minister, you drive the limousine and you get the extra wages, not me. When you go around saying, "It's a discussion paper," and some boards are getting money—

Hon Mr Kennedy: Less wages than them, you know, but anyway it doesn't help.

Mr Marchese: Sorry?

Hon Mr Kennedy: Less wages than the last guys, but yes, I get your point.

Mr Marchese: Right. But you feel good about that, right? Because you don't need the money, right, Gerard? This is really great.

Hon Mr Kennedy: Oh yeah. Tell my kids.

Mr Marchese: So I'm saying—I'm not implying—I'm actually saying to you that when you call it a discussion paper and boards are getting money this year and other increases next, it cannot be a discussion paper because a discussion paper implies it's out there for people to debate. Am I having a difficult time communicating that?

Hon Mr Kennedy: No, you're being clear, and you're clearly wrong. Basically, the formula is not being applied in full. It has been used as a directional element. The alternative you would offer, I guess, is that we'd have no fair direction for increasing funding, which we clearly wanted to do this year and did do, or that we should implement a formula that we didn't think was ready. In the alternative, I'm happy to hear one from you, but again, subject to your judgment here, we are simply saying to boards, "Here are additional dollars," and then, "Here is a draft formula that will beget some other dollars."

Mr Marchese: You're repeating, Gerard. You're repeating it.

Hon Mr Kennedy: As are you, but I'm just saying I don't understand why you don't see that as a reasonable proposition. I'm sorry I can't find a better way to express it, but it essentially is saying to boards, "We're getting you the dollars in the fairest way we can now." But it's the equitable thing; it's an aspiration of that formula. It isn't finished yet, but it should work to the extent we did this year.

Mr Marchese: That's great. So when you went to the Ottawa trustees, were they happy with you about this thing? Were you able to convince them, as you are brilliantly convincing me, that this is just a discussion paper?

Hon Mr Kennedy: I think what we were able to get from Ottawa trustees and from other boards—the draft formula isn't the answer they're looking for—is their willingness to work with us. They've never seen this before. Previous governments—

Mr Marchese: They were sort of smiling and chatting with you about how great this discussion paper is and all that.

Hon Mr Kennedy: They basically at least—and they've written letters and worked with the committee. They have their own staff person on the committee, and they have worked hard to come up with a good—everyone wants a good funding formula for this province.

Mr Marchese: Yes, they do, especially those who are getting cuts next year.

Hon Mr Kennedy: But they do want to see a fairer formula. They've asked for it for seven years.

Mr Marchese: Yes, particularly those who are getting cuts this year, because they were not expecting cuts, they were expecting increases.

Hon Mr Kennedy: The fact is, though, that one board is getting paid a lot more than another board with the same number of miles to cover, the same number of kids to pick up and all these other things. So I'm just saying—

Mr Marchese: Not a problem. I'll go back to Ottawa again—

Hon Mr Kennedy: I don't understand why you don't think we should fund them fairly, equally. That's what we're trying to do.

Mr Marchese: No, but don't worry about me, Gerard. When I go back to Ottawa, I'm going to try to convince them of your logic, and I hope I can help you out.

Hon Mr Kennedy: We're working on them too, so maybe between us.

Mr Marchese: I'm going to help you out when I go back to Ottawa.

Let me tell you about Durham, because boards are beginning to cut service, such as surplus seating and change in the qualifying distance. In the Durham District School Board, 600 to 1,000 families had at least one child cut out of the bus service. Mothers leave one child on the bus and drive the other child in the car behind the same bus. And what do you say to them again about those cuts?

Hon Mr Kennedy: That they shouldn't have made them. They shouldn't have made any cuts this year. In Durham we have given them more money for transportation, and, frankly, they should not be making any transportation cuts when they have more money to spend on transportation. We've made that expressly clear and I've offered to come to meetings in Durham. Again, I met with that board as well. We had a discussion with the two boards there on the transportation formula.

Mr Marchese: OK, very good, Gerard. I thank you.

On October 18, the Durham District School Board voted to reopen the transportation policy and take a second look, because your spokesperson told the Star that the transportation model is just a draft, which you're just saying now. Now the ball is back in your court, which you're telling us. So will you reverse your decision to cut their transportation funding for 2004 to 2006 so that they can deliver needed services, or what is it that you expect from them?

Hon Mr Kennedy: There will be a transportation formula for next year, and only at that time will we know how much money each board will get. I know it's difficult. We are having an open and honest discussion with boards, and it's healthy, it's good to have. But boards shouldn't act prematurely until that discussion is concluded. We're listening hard to all the boards that are affected, but at the end of the day, in February, they will know in plenty of time to plan for the next school year what level of service they're going to have to be able to support.

Mr Marchese: So what you're saying to them is, "Listen, you're getting a 2% increase and this is only a draft. Don't worry. Wait until next year and we'll see"—

Hon Mr Kennedy: Also, Mr Marchese, just to remind you, we're telling boards, "If there is at the end of the day a funding formula that we are convinced is fair and that we're able to implement with that assurance and there are still boards that are negatively affected, we will phase in those negative impacts over a number of years."

So it will be well within the ability of boards to plan and cope. And we'll also provide the ability for them to become more efficient. There are a number of things we can do to make sure that students aren't negatively affected.

Mr Marchese: The Ottawa board trustees told me that you came back after you realized you were getting clobbered on this—for good reasons—that you or your ministry staff said they might be able to phase it in.

Hon Mr Kennedy: No, no. We said it from the beginning, from the very beginning. It's not fair to say otherwise.

Mr Marchese: From the beginning, OK. When we go back we'll chat with them about whether you said that in the beginning or not—

Hon Mr Kennedy: Please do.

Mr Marchese: —because it didn't strike me as something they knew about in the beginning.

Hon Mr Kennedy: Well, with respect, Mr Marchese, it is what we've done.

Mr Marchese: We'll talk to them, because I like to be clear, you see.

So you're saying, "Let's wait. This is only a discussion paper, and if at the end of it we conclude that this is fair"—I'm assuming this can't be the end of it because you're so convinced somehow there are problems, that if it's a discussion and—

Hon Mr Kennedy: There will be significant changes, is what I understand.

Mr Marchese: There will be significant changes?

Hon Mr Kennedy: That's right.

Mr Marchese: From this?

Hon Mr Kennedy: Yes.

Mr Marchese: On the basis of what kind of rationale or reasoning, or on the basis of what, so that I understand?

Hon Mr Kennedy: It's in progress, Mr Marchese, but all of the boards are being shown some of the ideas that have been accepted and changes—it's a too-complicated formula, but it seems to be necessary that we actually look at the grades of roads and the cost of transportation from a variety of standpoints: dispersion rates in terms of how spread out kids are. I don't want to take up your time with a description, but the committee is welcome to the background for this. It should be public information.

1700

Anyway, at the end of the day, there are some things that boards have pointed out that have been, at least in a draft form, taken on by the ministry, and they started to look at what different models it would have. So we know there are changes that are going to happen, but we're not done yet. We're in the middle of that consultation. I think that's fair for us to complete it.

Mr Marchese: You see, when I travel around the province, I want to be able to tell the trustees, "Look, there are changes being contemplated. The minister is saying a lot of things that might be helpful. Please don't plan for the cuts, because there are some things that could

be good for you down the line." Is that what I should tell them as I travel around the province?

Hon Mr Kennedy: You should, and I believe they're at the meetings, hearing that for themselves this week. Not every trustee you'll encounter, but every board, we believe, is at those meetings getting an update on some of the work in progress. I will tell you, because this is complicated and because we want to get it right, it'll take us till probably February to finalize.

Mr Marchese: So I'll tell them not to worry: "Don't implement any cuts now. Don't plan for cuts, because anything could happen."

Hon Mr Kennedy: If a board is out there and they look at the dollars that are being allocated and they say—I'll tell you, not many have yet—"You know, that's fair. That's an amount of money we can work with, and we can be more efficient. We're going to enter into a co-terminous agreement, and we're going to be able to bus the kids for less." That's the only plans they should be making.

Mr Marchese: Gerard, my sense is that this is going to be more or less the plan, and it will change on the basis of the pressure they put on you, and many of them are putting a lot of pressure on you. So I think this is what's going to be happening. I think a whole lot of boards are going to be seriously affected so that the Catholic school system is going to have a serious problem maintaining its school base, maintaining its students, because if it stays this way—Gerard, don't look so puzzled, because they've already told you—a whole lot of students are going to leave the Catholic school system from there to go to another adjoining system where there's going to be better transportation. Are you familiar with that kind of problem, or are you worried about that?

Hon Mr Kennedy: No, Mr Marchese. In fact, I established, at the meeting of the Ontario Catholic School Trustees' Association, that there is no religion on these buses. It has nothing to do with that. The Catholic system and every system will have the same access to transportation dollars, for the first time since there has been centralized school funding. If there's any system—because the Catholic system was not, for many years, receiving equitable funding—it is the Catholic system that will appreciate the need to have a well-grounded funding formula.

The Vice-Chair: Two minutes remaining.

Hon Mr Kennedy: I disagree completely with that conclusion. I think it's a bit irresponsible, unless you're prepared to look at the funding formula and tell us how it is biased in some way.

Mr Marchese: Not a problem. I don't have to tell you; they'll tell you. There is a Catholic school system out there which is public. The Catholic schools and many Catholic boards—should your plan proceed, as I anticipate it will, with some moderate changes, because you're going to be pressured as you've never seen before, and you never expected this. I don't know whether you've contemplated yet what is in this report. Maybe you didn't and maybe you did. If you did, it's even worse, because

what's happening here is going to cause so much disruption, so many problems, you ought to worry about it.

So while you say, "There is no religion here," Catholic schools and Catholic boards are profoundly worried about how many students they're going to lose to the other coterminous system. I would think it should worry you, but if you're not worried—

Hon Mr Kennedy: No, I can't be worried because basically we're not going to allow competition on the basis of transportation. We are encouraging that indeed busing services be shared. If boards think they can be more efficient by running separate busing systems on the same streets as other school systems, if that's what you're encouraging, then they're welcome to do that, but they have to do it within an envelope that is fair and comparable.

Your point, frankly, is a little bit odious, because this is about funding fairly. We have put more money into making it more adequate. We have also come up with a system that matches the needs.

Mr Marchese: Thank you. It's the effect of what you're doing that will create this result. So it's not that I say it's odious; it's the effect of what you're doing that will cause these problems.

Hon Mr Kennedy: No, you can't walk away from that conclusion. You're the one making the characterization.

Mr Marchese: You can say what you like, and you can go out and defend it however you like. I'm saying, the effect of what you're doing—and I suspect this will be the model that will be in place next year, with very minor, minimal changes—will have that consequence. I don't think you ever contemplated that—

Hon Mr Kennedy: Maybe you say that, Mr Marchese, because that's how your government, that you were part of, operated. Ours isn't. We are actually bringing a model out there, and we're actually listening. We're actually making changes.

Mr Marchese: Gerard, that's a dumb remark, if I can say.

Hon Mr Kennedy: I've given you an undertaking that you say you choose not to believe. That's your right.

Mr Marchese: Your undertaking can't solve this problem.

Hon Mr Kennedy: It can, because we're working on it.

Mr Marchese: I'll pass it on to the school boards: not to worry.

Hon Mr Kennedy: Please do.

The Vice-Chair: Minister, we're now going to move to the final speaking at this point. The rotation would be: The minister has 30 minutes to respond to both of the opposition parties and to make your concluding comments on this round, and any time you don't use would be split among the three parties.

Hon Mr Kennedy: Sorry, Mr Chair. It's the time of the government party or the minister. Is that not correct?

The Vice-Chair: I'll just respond that, in speaking with the clerk, the routine for this session of the Legis-

lature has been such that the Chair has determined that the minister has the time, the 30 minutes, and that's considered to be the way it's utilized—

Hon Mr Kennedy: Sorry, if I could make a quick referral to yourself: I thought the standing orders were that each recognized party had an opportunity. That, traditionally, has been used by the minister with the agreement of the government party of the day. But it would also be appropriate for me to take questions from them, because this is the time for it. Is that not correct?

Ms Caroline Di Cocco (Sarnia-Lambton): If I could, Chair: We've had this discussion, certainly at the beginning of this. I interpreted the standing orders that each party has their opportunity for half an hour and has an opportunity also—but the Chair insisted that he interpreted the standing orders differently than I did. It's something that we have to get resolved.

Hon Mr Kennedy: Sorry, I don't want to delay the committee. I'll comply with the committee, if you like.

Interjection.

The Vice-Chair: I think we are utilizing time.

The way we've been operating procedurally at this point in time is that the 30 minutes are allowed to the minister to respond. That's the interpretation, and that's a debate for another day, I suppose. Any time you don't use will go back to the remaining time for today and be split equally among the three parties. At that point in time, they would have time if you don't speak for 30 minutes.

Hon Mr Kennedy: Mr Chair, if I choose to interact with my government colleagues to give them a chance to fit in some of their questions, is that OK too, or it doesn't matter?

The Vice-Chair: We'll rule on each one of your procedural moves. The instructions I'm saying now is, it's your 30 minutes—

Hon Mr Kennedy: I understand.

Mr Marchese: Mr Chair, we'd better get going.

Hon Mr Kennedy: I consider the 30 minutes to be underway, to Mr Marchese's concern, and I'm happy to utilize them. I would also be happy to engage with my colleagues in this.

The only thing I have that was left unresponded to was the initial comment on the last question from Mr Flaherty. I believe he has a set of figures that came from a finance ministry effort, before there was a government, to guess at what programs could cost. For the record, those are numbers that the Deputy Minister of Finance, who was involved in the process, disavows as having any basis in terms of being accurate or being anything but some very preliminary guesses that they were doing. In the course of that, Mr Flaherty asked a question.

What they did, I believe, is take headings in our published platform. We did publish a very detailed platform; very closely costed. It was gone through by forensic accountants and by outside economists to see if it had a good, sound basis. The only part we couldn't predict was the deficit that the previous government left behind. But what it did do was come up with headings.

The school success element that was used in that document was simply lifted from a chapter in the education platform. I just don't want anyone out there to be confused. That incorporated a lot of different elements: our literacy-numeracy program; the Best Start program, which is currently with the new Ministry of Children and Youth Services; and it also involves our high school initiative, which we now call Student Success. I just want people who are versed and familiar—I know that these estimates hearings are closely watched by a lot of people out there—to be aware that the Student Success program today is simply the high school program, and the Student Success element of our platform was at that point more encompassing of some of the other programs that have already been referred to today.

I would say, though, on the transportation formula, that I guess Mr Marchese and I have agreed to disagree. But we have a draft. For the first time we're putting forward a draft. One of the reactions we've had from school boards is that they say their experience was so poor over the last number of years that they don't believe there is any chance it could change. I think Mr Marchese adopted that idea, that nothing would change. What I'm saying is that we already know enough about the input we're getting that there will be significant change.

Beyond that, it's important to say, what choice does the government have? If we're going to affect 800,000 kids who ride buses, we need to be able to be fair, because we're obliged by a number of grounds, including constitutional obligations, to be fair.

1710

How should we do that? Do we not put the formula out there for discussion and just do it all internally? I think there's a fairly good track record to show that you'd get a tremendous amount of mistakes, even with the best meticulous preparation. If you don't let people see what you're intending to do, you're going to cause unintended effects and you're going to make errors. We'd rather not inflict that on the system.

In the transportation area, what we did is publish—it did say somewhere very clearly in that document “draft document.” Sure, there was some room for misinterpretation or misunderstanding, but we have worked really hard with the boards to minimize that. I don't know right now of any board that's sitting on its hands and saying, “We're not going to work with you to make this a better formula.” I think every one of them is trying to help us do that.

Because we are putting more money into transportation, the impacts are limited in terms of where they are. I would hope at the end of the day that we would be able to work out—I won't pretend that we'll get every board's satisfaction, but I think we'll have a formula that everybody can feel very strongly is providing fair amounts of transportation funding all around the province. We've got the time between now and February to get it right, and I give an undertaking to every member of the committee to do that.

The other point that Mr Marchese raised—maybe I can take another crack at it—was about distributing money for this year. Even though we had the disadvantage of not being able to hold a year-long discussion, the question was, do we not distribute money? Do we give it out and compound what looked to be problems in the system, or do we distribute it, taking some regard of what's been learned in the course of developing this funding formula, which is which boards were worse off and which were better off in terms of the nonformula, the previous state?

What we didn't get a chance to say, because we don't get to explain these things—questions get asked and I'm trying to honour the questions—is that in 1997 the funding was based on existing funding minus 3%. Basically—the boards got amalgamated with all their varying efficiencies and so on—what they were spending on transportation minus 3%. There was no real effort to try and say, “How much money does one area need?” especially in relation to others. So what you had then was built-in inequity from the beginning and it's never been brought to bear. Of course, if somebody happened to be in a more fortunate position at that time and their system was less efficient and they were able to either spend those dollars or, in some cases, save money and use it for other things, then of course you're not going to be happy that there's a system coming that is going to put it on a more even keel. But I think it is fair to ask boards not to spend money on transportation that isn't required. To ask them to be as effective and efficient as possible is a reasonable request coming from us, especially in the context of us putting more money in transportation.

This is not about cost containment per se. This is about us getting the transportation system correct. We've put in \$33 million more. We're looking at future investments and we're going to do what's necessary to come up with that formula. I've got to say that I really would hope that most boards wouldn't adopt the kind of head-in-the-sand idea of “We're not going to fix this formula. We don't want to play at making things better.” I don't know of any that are, I really don't. Mr Marchese was holding up a newspaper that one of the boards put out before our meeting with them just saying, “We really don't like this” and so on, but that, frankly, is a little bit of the old way. We want boards, if they feel like it, to go ahead, stamp their feet, say that they don't like this publicly, but it's better to try and fix it. If you really have an argument to make on behalf of your busing service, and certainly the students involved, please make that argument. Here, by the way, are several forums in which you can do it. Here's access to all the technical information.

We have an obligation. Every dollar we have in education has to be as effective as the first dollar in, more so if we can improve the way in which we deploy those dollars. The transportation effort is one part of that. I would hope that we're able to be successful in that. It is a complicated undertaking. Right now, I get a sense that we have some progress in that. It's too early to tell what that final formula will look like.

I don't wish ever to disappoint Mr Marchese, but I suspect that at the end of the day he will be disappointed in the sense that the outcome will be quite a bit different. It will reflect the input—not pressure but technical input—that boards have made and arguments they've made and had listened to, so that we have a better funding formula and kids are being transported in a safer and more effective manner all across the province. I'd hold that out as a possibility.

In terms of Mr Flaherty's element, I'm not sure if he's against the class size proposal. I think they are, because they never worked on it in government and certainly didn't give the ability to the rest of the education system to consider it. Class sizes grew, in particular for the first few years of the administration.

It is an advantage that is well proven. We have studies in at least four jurisdictions that show a very good correlation between smaller class sizes, training teachers to use those smaller class sizes, and better attainment on the part of students. We do believe this is an education advantage that we can't afford not to provide in this province. If you want to make an instrumental difference, there's a fair bit of good research that the earlier you do it, the better. That's why noticing the challenges, noticing the problems, giving individual teachers a chance to do that with those smaller class sizes is, we think, very important.

We've had the teacher number fairly well verified and we'll provide that for the members of the committee. The capital number is one that we're still working on, because there are a lot of different variables that could go into that in terms of what that means for different boards. A fast-growing suburban board is different than a rural board that may have schools with undercapacity and so on. We're working on that, and that will come forward as well.

If there's a common theme linking those two concerns, it's a question of how you go about running education in this province. Do you sit in one of the big towers they give us to have offices in and do you throw out edicts to people, or do you actually engage the system?

The McGuinty government approach is to engage the system. We think we have a lot of smart people out there. We have 72 school boards, and we've got to draw on them in an effective fashion. We've got a lot of school experience that we hope is going to start to be the driving force. It's that school full of kids and their needs that will get more and more expressed as we allow the funding formula that kind of flexibility. When we get enterprise at the local level, that's when we're going to have a fully functioning education system. We have to unlock the potential of that system if we're going to unlock the potential of the kids.

As Mr Marchese was illustrating, it's going to take some time. The system still responds the old way, as if they have to fight; they have to fight against this or fight for that. I don't regret any of the pressure or demonstrations or anything that comes forward, because we want the system to be engaged. What we hope they're

going to find out is that finding solutions is what we're looking for and that everybody in the system can help out with that.

With your assistance, Mr Chair, I'd be happy to engage any of the government-side concerns or things they'd like to see addressed, because they don't get that opportunity formally under the rules, and then we can open up for general questions in the remaining time, which I think is what you referred to. Is that correct?

The Vice-Chair: That would be the appropriate time. That would be 45 minutes left, which would give us time for 15 minutes per party.

Hon Mr Kennedy: Sorry, Mr Chair; if the option is that we can't engage the government caucus, then I guess I'll continue to use the time. But it would be more useful to do that.

The Vice-Chair: They would still get time.

Hon Mr Kennedy: Mr Chair, you're the Chair, and if that's your ruling, that's where we're at. So I will continue to address some of the concerns that I'm aware of in order to make sure they're out there, but there are a large number of members on the government side who, because this has come at the end of estimates, won't get the same kind of time. It's just a happenstance that when that round starts, it ends almost automatically. There are lots of things we'd like the people of Ontario to know about in terms of education, but I was prepared to let them have some access to that. If it's the Chair's ruling that they should not, then I'll do this instead.

There are a number of things that may escape the individual notice of people. I think they've heard a little bit about, for example, dealing with healthy food choices in schools. That has certainly captured a fair bit of attention. I think one of the reasons it has is because we really haven't been looking at our schools in the right way. We need them to get academic accomplishment, and certainly our goals are very focused on that, but we also want the physical and the emotional development of students to take place. The only way we're going to do that is if we have some facilitation of that taking place.

The healthy food choices that are now only available in elementary schools are one part of a larger healthy schools program. I have no illusions that making healthy-food vending machine choices or eventually cafeteria and other choices is going to make the focused, critical difference. What it does do, though—and we've already found—is, it really reinforces a discussion that needed to happen, which is the increased amount of low nutritional food intake that our children have.

There is 140% increase, for example, in the amount of soda that kids are consuming, just in a generation. In fact, the studies show that a bottle of pop has gone from six and a half ounces to 10 ounces, then 12 ounces and now 20 ounces, and that's basically what the consumption by all young people has been. The problem with that is that those are empty calories. They are more likely to contribute to obesity.

1720

Again, there are choices being made. But the point we made about elementary schools with just this one begin-

ning initiative and that we'll continue to make as we look at physical activity and having mandatory physical activity every day for elementary students, and as we look at the kind of healthy outlook that they can acquire, is that there's a range of things kids can be doing and learning about their health that we think makes good use of the school opportunity, which is to be there in a helpful way through the curriculum, through what the physical education program can look like. There are a range of things they can pick up, in terms of physical education, that aren't just about how to exercise—and that is part of the curriculum; it isn't taking place with the kind of regularity that we would like to see—and that's something we'll be able to address.

So the healthy schools initiative is itself part of a wider commitment by the government. There's a variety of ministries that are going to be involved.

Tourism and recreation has already helped us with the community use of schools. We believe, already—and we'll be able to demonstrate it by the end of the school year—that we've got more involvement and engagement by students in after-school programs. Other members of the community as well have benefited. We've got seniors taking more courses and being able to access more services after school. So we've got a whole range of activation taking place in the community that we think should take place. Schools, in essence, are paid for by the rest of the community. Only 25% of the population has kids in school at any one point in time, and the idea that they should be shuttered or that the chains should be up on the school grounds shouldn't really be part of our vocabulary. Those public facilities should be in public use as much as is reasonably possible.

In terms of the other things that we can go forward with, we think there's a different challenge in high school. Banning things for high school students may be an invitation rather than a deterrent, so we're looking at a range of things that might be otherwise—then we've started to talk to student representatives in this province about how they feel about the kinds of foods and activities available.

Right now, we only require one credit, for example—out of that fairly tough, packed, 30 credits they now have to get in four years, there's only one credit that has to be about physical activity. They can take more if they like, but many aren't. But there are some schools—for example, one in Guelph, with an instructor, Steve Friesen, who has been able to get 85% of his high school students to take a second credit. He has done that by setting up the right kind of environment. He has been able to get a general facility set up there that students want to take part in. He has vastly expanded intramural programs. They still have their representative teams that would go to people who would fit under the "jock" label more directly. But he has been able to get the activation of a tonne of students. So we're hoping to engage him in our healthy schools effort, because that is where we also need to be very effective.

The total outcome is consequential. For the first time, we've now got type 2 diabetes at a markedly young age.

We've got onset of certain kinds of heart problems much, much earlier—people in their late 20s and early 30s. There is at least some indication that some of those patterns are set quite early on.

So we believe that by reinforcing it very directly to elementary students and by then finding better techniques to influence the older students, we're going to be putting them on a path that not only benefits them—first of all, it does. The reason we're into it, before we even think of those other implications, is because daily nutritional intake does affect learning. Kids learn better when they're getting the right kind of nutrition. So to the extent that we can actually affect those numbers of hours they're at school, we want to be doing that. We want them to be in the best sort of capacity that they can. There's a range of things that they can do, but eating well is one of the ones that has a surprising amount of influence. Beyond that, surely it's good for them to have the most choice. People now fall into habits. They fall into drinking those bigger bottles of pop because a lot of other people do, and so on.

Ultimately, it's something that the health system needs. We need some gain, we need some advance here, because part of the sustainability of health care requires us to use different methods than have been used in the past. This doesn't cost us a lot of money. To be able to create a healthy environment outlook in schools does not create a tonne—I'll give you an interesting illustration. I was at one school—in fact, it was in London—discussing with grade 6s, "Should we ban junk food?" They voted 110 to nothing that, "No, you shouldn't do that." I asked for the reasons why, and one of the students said, "Well, because kids won't like it that they can't buy their junk food, and parents will sue."

I was at another school in Thunder Bay. They're what's called a healthy living school, and they've been doing a bunch of different things: there are snacks that they have; they do an activation every day—at a certain time, the music goes on; and in their health class they read food labels and stuff. The vote was put to them, and it was quite different. There was a small clutch of people who said yes to junk food, and the others said, "No, why would we want that?" So it's interesting.

That was, I think, at a grade 6 level—it might have been grade 7—where they're starting to make their choices and we can make an impact on them. It is going to be ultimately up to them; I've got no illusions that this isn't just one little part of their lives. The question is, is this what parents want? What I'm hearing from parents is that they do. They're tired of sending lunches to school that come back half eaten because the kids are eating the junk that's available from vending machines. This is a small element, but I think the reaction we've had so far is that this is a good path for us to be on. The physical, intellectual and emotional development of students is what Ontario schools are capable of, and we're going to keep moving down that path.

In terms of being able to work on other elements of that, like diabetics and smoking and so on, we're now looking at working with the other ministries, particularly

health, obviously, but just as clearly with children and youth services and with agriculture. You know, right now half of our students are in a school that has a milk program. The Dairy Farmers of Ontario actually coordinate that with the dairies. But that's only half, and not all the students avail themselves of it. It's a very cheap program; it's about 50 cents for milk. We've now got the first milk machines in schools—that's a different kind of product. Some of the dairies are doing that, and it's a little bit more expensive. But the fact is that we should be able to offer milk at a reasonable cost all around the province, and I think the food producers of this province are prepared to work on that. The Minister of Agriculture has been very helpful in that regard. I think people have a right to expect that we don't just have a bunch of ministries but a government, and in that government we have people who are going to collaborate.

That's why tourism and recreation, for example, is leading the effort on community use of schools: if they can get agreements, not just with the schools, but with the municipalities. What we have, I would say, maybe as an unintended effect of taking over all the funding, is that when they're not both just coming off the property tax base, suddenly the schools and the municipal recreation departments start to charge each other. Where they used to maybe cut the grass on one field and someone else could use it, now all these cross-tariffs are going on. What we're trying to do is provide an incentive that municipalities would also offer their facilities free of charge in exchange for use of the school facilities. This is being done now in some communities. It makes sense. People are paying taxes once; why not have that level of collaboration and co-operation? So we're trying to pull together, and I think we're finding great progress. The idea of healthy schools is one part of an outlook on healthy Ontarians, and we'll continue to do that.

In terms of some other critical issues, we're working very hard, not just to get away from one size fits all, but to make sure that certain easily overlooked circumstances can fit in; for example, small schools. We've got schools in this province that are 80% or 90% full, built for a certain purpose. But because of a funding formula set of numbers, they don't fit any more, they don't belong. There's a bull's eye painted on the roof of some of our rural schools in particular but on small schools everywhere. So we have been working hard to try to amend the funding formula so that we are giving the choices back to school boards. Pick good schools. Keep the good schools open. If there's academic attainment—some of the best schools in this province in the early years of testing were small schools that got shut down because that wasn't a factor in whether they should stay open. Soon we're going to have some new guidelines for schools; we did put forward some dollars that recognized something that it is a little mind-boggling to understand wasn't being recognized, which is that a rural school is a rural school.

The Vice-Chair: The minister has two minutes.

Hon Mr Kennedy: The previous government found it convenient to recognize only about 20% of our schools.

We now use a Stats Canada and postal code definition. So we really are saying that rural schools should be funded on a different platform. We're also looking forward to a conference that's being held in Cornwall in the latter part of November, which is going to look at small high schools and how we take a curriculum that has been made fairly demanding, that has a huge menu of choices, and make that available in a small setting, because it has been the subject of taking away schools. I think it takes a little reminding for those who don't live in small communities to realize that if you don't offer a school in a community, it's a very hard to get economic development and very hard to get the social infrastructure. The residents don't feel confident enough about that community, and they need some of the things that come with a school. They need the gymnasium, the community gathering place and so on. That's part of the elements that are out there.

1730

There are some other initiatives that we'll be taking this year. One of them will have to do with what sometimes is called character education or citizenship values. We do think there is a way to have schools in Ontario meet aspirations on the part of people. The values that are shared can be worked in through the curriculum, and there are some fairly successful programs in four or five boards that we think deserve to be taken province-wide. There will be elements we're doing for arts in education and for safe schools. We believe there was an incomplete amount of work being done with that previously. I look forward to the involvement of all the members in those initiatives in the next few weeks, months and years to come.

The Vice-Chair: Thank you very much, Minister. That leaves us about 10 minutes per caucus. For the final rotation, I'll start with Mr Flaherty. You have 10 minutes.

Mr Flaherty: Is this the part, Chair, where we do the questions?

The Vice-Chair: You could just table the questions or you can read them into the record. It's your 10 minutes and your wish. Just table them, and you'll get a response from the ministry.

Mr Flaherty: All right. You're certainly doing a good job as Chair, I must say.

The Vice-Chair: Thank you very much. I appreciate that.

Mr Flaherty: This goes to some of the questions to the minister earlier. I was interested in the cost calculations of the Ministry of Education for—I'll use the terms used in the production ordered by the Information and Privacy Commissioner, which the Liberal government vigorously fought until ordered to produce it. There's a list here: capping class sizes; funding schools for success; better student achievement; mandatory learning to age 18; Best Start plan, with reference to full-day JK and SK; safe schools anti-bullying program and hotline; character education—an Orwellian name—

Mr Marchese: You like that one, right?

Mr Flaherty: Yeah, it's shades of Soviet education—safe schools and school surveillance cameras. The list is there in the production. What I would like are the cost calculations, the estimates, by the ministry for the fiscal years 2004-05, 2005-06, 2006-07 and 2007-08 for each of those programs. I gather from what the minister has said that the references there are to pages in the Liberal platform document, so that should be easy to do.

Hon Mr Kennedy: There are numbers that go with those names. Would you like those numbers or not?

Mr Flaherty: That's the whole question: the calculations.

Hon Mr Kennedy: Capping class size, \$375.9 million; better student achievement, \$199.9 million; funding students for success, \$730.6 million; and Best Start, \$300 million.

Again, those are the numbers we published at the time we published the platform, and those numbers are well attributed. I would say, as a reminder, that Best Start is now part of children and youth services.

Mr Flaherty: I'm not interested in your political party's numbers. I'm interested in the numbers that were prepared by the Ontario public service and the numbers, if any, prepared by your ministry.

Hon Mr Kennedy: Just to be clear, you indicated that you want the four-year estimates? Is that correct?

Mr Flaherty: Yes. I've actually written them down. I'll hand them in, because I really don't want to debate it with you.

Hon Mr Kennedy: Four-year estimates, though?

Mr Flaherty: If you could get your ministry to do the work, please, and respond to the legislative committee.

Hon Mr Kennedy: OK. Chair, there aren't four-year estimates, but we'll certainly provide this year's estimates, and as much as we can of the costing he's talking about.

The Vice-Chair: Thank you.

Mr Flaherty: On another issue, which is a stakeholder concern, I understand the Ministry of Education has disbanded the Ontario Parent Council and announced at the People for Education AGM a new task force called the Parent Voice in Education project. This task force consists of 20 people, and part of their mandate is to travel around Ontario and consult with parents on how best to establish an independent body that is representative of and accountable to parents. I'm wondering if there's a line in the ministry's estimates for the cost of that, because I couldn't find it.

Hon Mr Kennedy: There isn't a cost attached to that. What we've done is not disband the parent council. Instead, what we've done is appoint people who are representative of parent groups—elected school council chairs or regional school council chairs or other groups that have actual parent support—and we've made them the members of the parent council. The project they're taking on is using the existing parent council budget that your government established for people they appointed. So they will have access to some of that budget. We'll be happy to share that. That budget on an annual basis, the

one we can refer to, is \$280,000 that your government allocated to that purpose, and we're going to put it to what we think is a much better purpose.

Mr Flaherty: Is there a budget for their travel expenses?

Hon Mr Kennedy: There may be a budget, and if so, we'll table it with you for the pre-existing council. This group is only going to be in existence for about five or six months and they will have a budget. When they do have a budget for their project, we'll happily make that available, but it won't be that kind of dollar being spent.

This is going to be a tighter kind of thing. Only a certain number of public meetings will be held. What we've done is appoint people from every part of the province, and they're going to hold consultations in the part of the province they're in. We're not sending people out to the communities; we've got people that already represent a large number of communities. I would expect that that expense, when it comes back, will be largely to do with the north and other areas we have had a hard time representing completely with 20 members.

The Vice-Chair: Five minutes remain.

Mr Flaherty: Thank you. Usually you say two.

The Vice-Chair: An interlude occurred and I just used the time.

Mr Marchese: You can pass on the minutes.

Mr Flaherty: No, no. I wanted to ask a question too about character education.

Interjection.

The Vice-Chair: Avis Glaze.

Mr Flaherty: Who's that?

The Vice-Chair: The director of education for the Kawartha Pine Ridge board, who has been seconded by the ministry.

Mr Flaherty: Oh, he has.

The Vice-Chair: She.

Mr Flaherty: She. The Chair has been very helpful here. He advises me that the director of the Kawartha board, I gather, has been seconded as an expert in character. Is that right?

Hon Mr Kennedy: In point of fact, she is an expert in character education. She initiated a program in both the Kawartha Pine Ridge area—I think her sister board is picking it up too—and then in York region. It actually has allowed some schools that have had a lot of difficulty to improve student performance.

But that's not her main calling card. She is our chief student achievement officer for Ontario. We're very grateful for the support of the Kawartha Pine Ridge board to have her seconded to that purpose. She is responsible for the literacy-numeracy initiative, with which character education may be affiliated, but it is really at this point a distinct, separate program.

Mr Flaherty: Is there a cost for that project, the character education project?

Hon Mr Kennedy: Character education has not been—I heard you earlier. You did not want to know what we anticipated the costs would be when we were in opposition, because I guess the concept is a good one for

you, but it was about \$1 million. Basically, what we're going on is providing some resources to each and every school. But character education is not an expensive proposition. It basically is activities that are worked into the curriculum and that schools undertake. So we have, as I mentioned before, five or six models in Ontario and we're going to be basing it on there. But it's very much board-driven. It's not an expensive, centrally driven idea.

Mr Flaherty: As you've already said, character education of necessity involves values and communicating values. Is your ministry going to consult broadly in Ontario with respect to that issue of values?

Hon Mr Kennedy: Better than that, I think—better than us consulting—is that each board will be asked to consult, as they have done successfully in places like Kawartha Pine Ridge and York region. They consulted their communities. It's communities that get to come forward and contribute to those values. People like Don Cousens have been really—York region, and Markham, I think calls itself a community of character. So there's been a range of people who really support this idea of bringing out the civic values that we have and, in doing so, reinforcing the ability of schools to bring those out.

Mr Flaherty: Will they consult with the churches as well?

Hon Mr Kennedy: What we've heard from the Catholic system in particular is that they see that that's already happening in theirs. We would encourage all religious faiths to be part of the discussion that boards will be initiating.

1740

Mr Flaherty: Would you encourage the school boards to do that, though, rather than put the onus on other people? If you're going to be presumptuous enough, in today's Ontario, to start pontificating about values to students, instead of their parents communicating values to students, if you think the government, through its school boards, should communicate values to students, then would you at least have the decency to conduct broadly, with the parents and various interest groups in the province of Ontario who might have something to say about what those values might be, rather than come to some sort of conclusion in your own mind about what those values might or might not be?

Hon Mr Kennedy: I think the comforting thing for anyone watching this exchange is that neither you nor I will set the values for this particular outlook; instead, it will be set by communities themselves, working with school boards, and parents will be very engaged in that.

In the interpretation of those values at local schools, individual parents will be engaged. I would say that for parents, the reaction has been that they want to see us look at upholding civic values. They're not afraid of that reinforcement happening at school. They believe that there is a place for that in our public school system. I think that's something that we subscribe to as well.

Mr Flaherty: The question, of course, is what they are.

The Vice-Chair: Thank you. That's the end of this round. Mr Marchese has the floor.

Mr Marchese: I wish we had time to debate with you, but we don't have much time. So I'm going to read the questions that I would like you to give me some answers to—not today, please, because I have to get to special ed.

Hon Mr Kennedy: Sorry, you want these answers today?

Mr Marchese: No, not today. I'm just going to read them, and then I'll give it to you so you have it.

The Vice-Chair: File it with the clerk.

Mr Marchese: Of course. I have two copies.

Can you tell us the number of new qualified teachers that were hired by the Ontario boards for the current school year in both the secondary and elementary panels? Can you tell us what the number was for the last two years? Can you share with us the source of this information?

Can you tell us what the total number of qualified teachers working in the public education system is?

Can you report to this committee the average number of students per class, kindergarten to grade 3, for this year and for the last two years? Can you provide us with a class size average report by school board, as required by regulation 399? Can you tell us how many classes, kindergarten to grade 3, are larger than 20 students?

Can you provide the cost of principal and vice-principal salaries and benefits?

There you go, Gerard, and to the clerk. If he wants them, he can get them now, otherwise I'm moving on to special ed. If you don't mind, Gerard, as quickly as you can, because otherwise we're not going to get to any questions and answers.

If boards had special education funds in the books on August 31, 2003, but spent the funds to deliver special education services during the 2003-04 school year, do you consider those funds surplus funds, and have you clawed them back?

Hon Mr Kennedy: Well, we are—

Mr Marchese: Without too much debate, if you don't mind.

Hon Mr Kennedy: As long as those funds were in their plans to spend—we haven't made a final decision, but there's a very good likelihood that those will not be surplus, in the way you're describing it.

Mr Marchese: OK. If boards had special education funds in the books on August 31, 2004, but were planning to spend the funds to deliver special education services during this year, the 2004-05 school year, do you consider those funds reserve funds, and have you clawed them back?

Hon Mr Kennedy: We don't claw back any funds. In fact, they have to spend all of their reserve save 2% on their current program. What that could do is reduce some of their entitlement from the regular funds, and if so, that would then go into a surplus pool that they can then apply to. So they get to spend their entire budget and they get to expend exactly what they have.

Mr Marchese: OK. I got it, Gerard. Thanks. Good.

The Durham District School Board was planning to get \$2.8 million for special ed. Instead, they will receive \$1.3 million from the province. As a result, they didn't renew 46 casual educational assistant assignments. My question to you is, why did you claw back their funds and cut educational assistants from the classroom?

Hon Mr Kennedy: I would be very happy to follow up with that board, because they in fact are able to spend all \$2.8 million. Every single dime, every single case was approved, so they did not suffer any kind of reduction in the operating element.

They had a surplus above 2% of their operating requirement. That's gone into a provincial pool that they now have to apply for.

Mr Marchese: If boards had a three-year plan or a five-year plan to spend funds on the delivery of special education services but hadn't spent it all in one year, do you consider those funds reserve funds, and are you clawing them back?

Hon Mr Kennedy: If it's above 2% of the total spending, we consider it a surplus fund. Again, I want to make a distinction, in answering your question, that the ISA 2 and 3 portions are what the dollars, by and large, were intended for. So I make a distinction. There is a current element that says that spec ed could be the broad range of needs, which is up to 12% of our students, but there is now this very significant portion of 2.8%. We're looking at the dollars spent on that as part of how the fund could work, acknowledging some of those multi-year funds. But, by and large, they'll have to apply to get approval.

Mr Marchese: OK. The Ottawa-Carleton Catholic District School Board will lose \$1.4 million of special ed reserves despite the fact that it had already fully committed such reserve funds to finance nine special ed teaching assistants over a five-year period and had already hired and been paying for the TAs with such monies. Is that what you consider underspending, and why have you clawed back their funds?

Hon Mr Kennedy: The point we're making is not that boards couldn't find good use for the surplus funds the last government gave them. Again, \$76 million went to the bank accounts of boards. It's a question of, we have to deal with this extraordinary 65% increase in dollars and 100% increase in people. We're saying that the ISA 2 and 3 kids have to get the priority if we're going to be able to afford responding to them. We don't want to do what was done before, which is to ignore those needs. That's where they have to be spent.

Mr Marchese: That's great.

If boards held off spending on special ed because you were reviewing the funding levels and they were waiting for money to flow and for that reason hadn't spent all the funds by August 31, 2004, do you consider those funds reserve funds and are you clawing them back?

Hon Mr Kennedy: Again, the point of the fund was to fund programs. If boards supplied the programs, they got every dime of it to pay for those programs. If they chose not to offer programs, for whatever reason, then the money—subject to the 2% of their total spending,

which is a significant amount of money—is part of what they're required to spend and then a provincial fund gets created.

Mr Marchese: I think I've got it.

The Waterloo public board didn't spend all of its funds because the process was being held up by your government. They didn't want to spend it all until they saw it. These boards were used to being played with by the Conservative government. They went through the process and filled out the grants. Now the Liberal government is playing with them again. You gave the boards money in July and took it back in August.

The Windsor-Essex board trustees say they held off on spending because you were reviewing funding levels. You didn't release their funds until July and now you are clawing back \$1.5 million in special ed funds from that board.

Do you suggest they should have spent the money before receiving the funding, and because they didn't, you will take it back one month after they released it?

Hon Mr Kennedy: Mr Marchese, again, I guess you endorse the idea that you spend the money because you have it. They have to spend it on a high-level purpose: ISA 2 and 3 needs.

Mr Marchese: Same answer, right?

Hon Mr Kennedy: No, it's not. It's very important. I am unequivocally not advocating that they spend money for the sake of having it. We're saying that the money has to be kept in a pool for these needs.

Mr Marchese: I've got it.

Hon Mr Kennedy: Well, you're asking a question—

Mr Marchese: I've got another question.

Hon Mr Kennedy: All right, but I want to say that you didn't get the full answer.

Mr Marchese: If you're clawing back \$100 million from boards, why have you announced a new fund, worth only \$50 million, and what happened to the rest of the clawed-back funds?

Hon Mr Kennedy: All of the money that boards are being required to make available from surpluses for students in special needs is being retained for students in special needs. Not one dime of it is going back to the provincial government.

Mr Marchese: When will you make the equity fund money available to the boards, or are you holding off on this announcement until July again so you can claw back the funds they don't spend?

Hon Mr Kennedy: It's an interesting question. The fund is being worked on right now. We have some preliminary agreement with the board associations and the Council of Ontario Directors of Education, so there will be an early access to the fund that should come within a few weeks, and then there will be some more discussion with the education sector on the balance of the dollars.

Mr Marchese: OK. They were expecting this in October and now it's a couple of weeks until the end of November.

In your platform you said you were going to find savings to the tune of \$50 million by cutting red tape in

the special education assessment process. How far have you gone in this regard?

Hon Mr Kennedy: We're not requiring any further ISA types of assessments, so I think we've gone very far in that regard. The boards are able to use their resources for the purposes for which they should have been put in the first place. In terms of making complete progress, it's the new streamlined system that we have to be able to come up with that we're still working on.

Mr Marchese: OK. You also said that these savings would be invested in services for kids with special needs. Do you still plan to do that and, if so, when will you make these funds available to the boards of education?

Hon Mr Kennedy: The same answer: They have them now.

Mr Marchese: Isn't it true that you were going to create a \$50-million fund from savings, and now, since you weren't able to find those savings, you are creating a fund with the money you stole from the boards?

Hon Mr Kennedy: It's a ridiculous question and it doesn't deserve an answer, but I'll try to make it into something useful.

We're honouring a \$100-million request the boards came up with after the beginning of the school year, which they didn't predict. We're providing \$100 million, and we're saying the surpluses they were sitting on, and which they plan to grow—most boards plan not to spend their surpluses at the beginning of the year—that those dollars have to be spent in favour of students in need, and that's exactly what's going to happen.

You're making a connection between the dollars that each board was required by the previous government to spend on preparing ISA forms—which we will not require them to spend. Those dollars are now, currently, as we speak, available instead to be spent on programs. I would assume, because we have a means of checking with boards, that they are spending it on that right now.

1750

Mr Marchese: OK. Thank you, Gerard.

The Vice-Chair: There's one moment left.

Hon Mr Kennedy: So, extensive as the question is, I'll still give you that answer.

Mr Marchese: Thank you. So you are saying that you're not only providing \$50 million, which this report suggests, but it will be 100 million bucks?

Hon Mr Kennedy: We are already providing \$163 million more than when we came into government for that. In addition, boards that spent, conservatively, \$50 million trying to fill in forms for the previous Conservative government won't have to do that. They can use that \$50 million in savings to enhance programs.

The Vice-Chair: Thank you very much. That ends this round.

Mr Marchese: Thank you. When might I get answers to those questions?

Hon Mr Kennedy: I can't give you a timetable.

Mr Marchese: Any sense?

Hon Mr Kennedy: Within a day or so we'll give you an answer on when they can be done. You went through them pretty quickly.

The Vice-Chair: They'll go back through the clerk, and the clerk will forward them to all members of the committee.

With that, we have 10 minutes remaining for the government side, and I recognize Ms Di Cocco.

Ms Di Cocco: I have to say, Minister, it must feel different on that side than it was on the other side on estimates.

Hon Mr Kennedy: It's still more fun on this side.

Ms Di Cocco: I remember. Anyway I wanted to just clarify something. I know Mr Flaherty enjoys talking about those numbers that were produced as a—the rough figures that were produced prior to our forming the government.

Just to qualify, the Minister of Finance certainly stated clearly that they were rough figures without context and without adjustments for any changes and/or without any discussions with the ministry. So they were, at the very best, very rough estimates. I just wanted to clarify that because it was made clear here at estimates through the Ministry of Finance.

There are a couple of things: I met with a number of educators, and one of the things that they immediately stated to me—and I was reminded of the song by Tina Turner, "I don't want to fight any more"—was that, in spite of the fact that we've got so much still that has to be done in education, it's a process that's ongoing, they were so glad they didn't feel like they were being beat upon or being hit with a hammer. There was a sense at least, even though at times they could disagree or agree to disagree, of co-operation in the system, this environment now that we can at least work together to make this thing work.

Hon Mr Kennedy: It's part of what we're hearing from teachers, parents and even some of the education workers, who are often presumed upon in the equation.

I would just say very briefly that that's the job of the government. We can't be under the illusion that we actually can push a button and the teaching will change or something will magically happen; what we can do is set the environment.

In the broader public sector, we are at least largely responsible as the direct employers of the boards, but we should set that environment. It would be a very bad employer or a very irresponsible party that wouldn't take that into account. I can't explain why it wasn't taken into account by the previous government, why they would drive down the effectiveness of the system. In some cases, including Mr Flaherty, we know they were in favour of private education. That's the only thing that makes sense, really, to strip down the public system because, like any enterprise, you've got to motivate the people who are there. We can have disagreements without taking it out on, ultimately, students, whether or not they are getting what they need: a motivated, energized person at the front of the classroom. We're taking nothing for granted. There is lots and lots of work to do, but there's a good start here.

Ms Di Cocco: In this whole result-based approach to achieving measurable results right across the govern-

ment's transformation agenda, part and parcel of achieving that result is having employee satisfaction and customer satisfaction. They're using those models or that type of energy from those who are providing the service.

So I just wanted to reinforce that there's certainly motivation there, that they know there is a level of not just acceptance but appreciation of the professional and dedicated service they provide to this province.

Hon Mr Kennedy: There's a benefit to students and taxpayers when you get that right. To have dedicated people leave—as, for example, in one year, about three years ago, there were about 4,000 people who left; pension or not, they left early. They just got out of the teaching profession. Everything we invested in those individuals as teachers was lost.

Similarly, under the old regime, we had been losing one in three new teachers. We can put a direct cost on that. That cost us \$35 million in lost training costs for those teachers, because they got out in the first five years.

So, again, we're not taking for granted that what we do on the overall environment will be enough. We have very specific programs—for example, an induction year—that we're proposing for new teachers to ameliorate that, and a mentoring program that will make better use of some of our experienced teachers and give them more reasons to stick around in the system. But I think the main reason will be what you're inferring, which is that there is a climate of respect. As the minister, I'll say to you that that will remain in place no matter what else we run into in terms of difficulty.

Ms Di Cocco: That's good to hear.

TAP, the teacher adviser program: I have to tell you that in the last few years, when I went to the schools, I actually spoke to a number of the high school students who were in that program. All they kept asking was, "Please get rid of this." Anecdotally, these are the students who had to sit there for whatever the time limit is. When they first talked to me about it, I didn't even know what TAP was. In the schools in my jurisdiction, the students overwhelmingly kept saying, "It's useless. Get rid of it." At least, they felt that it was useless. So I'm glad to hear that you commented on that.

In our knowledge-based economy, and with the notion that education really is the underpinning of our competitiveness in this global economy, could you maybe speak to the whole idea of going to 18 years old and what it means for students up to 18 years old being educated, Minister? I didn't hear too much about it in the context of the previous questions.

Hon Mr Kennedy: Sure. It's basically saying to everybody, "We've got to take these students seriously."

We haven't. Inadvertently, as a calculation, it doesn't really matter at this point. But the students out there who would leave the system early—and the school-leaving age is 16. It was set 70 years ago. It means that we actually have students exiting at age 14, with letters of permission from their parents and so on. More to the point, the system is not focused on their needs. It's easier for them to sort of quietly slide out the exit.

By moving the school-leaving age to 18, by having more 16- and 17-year-olds who haven't yet graduated in the system, we're really changing what the job is for high schools. We're saying that getting a good outcome for those students is just as important—so, getting an apprenticeship, a work placement with skills or a co-op program are just as important outcomes as college or university. That is a whole new way to look at this stuff. What it does mean, I think, is that we're going to have a better, more effective workforce and a more coherent, cohesive society. Because you can tell—and everybody in this room stood on those graduation stages—you can see the ones who even just obtained high school. They read the card, and they say where that student is going, where they're in between, and you get a sense that there's going to be a big struggle there. A smart society doesn't let them struggle by themselves. It makes sense to have students reach their potential. We find out that why some of those students weren't succeeding is because they lost credits as early as grade 9 or 10. We're now starting to fix that. There's a range of things that we've already done with new programs and so on. But the basic shape of this is a whole change to the high school system.

The Vice-Chair: Excellent, Minister. I just want to intervene—and thank you, Ms Di Cocco.

Ms Di Cocco: I just wanted to say that I'm glad he's on that side too.

The Vice-Chair: We have a minute or two. If it's the committee's wish to vote on these estimates for the Ministry of Education prior to 6 o'clock, we must do so now. So everyone is prepared to vote. There are actually four votes here.

Shall vote 1001 carry? Carried.

Shall vote 1002 carry? Carried.

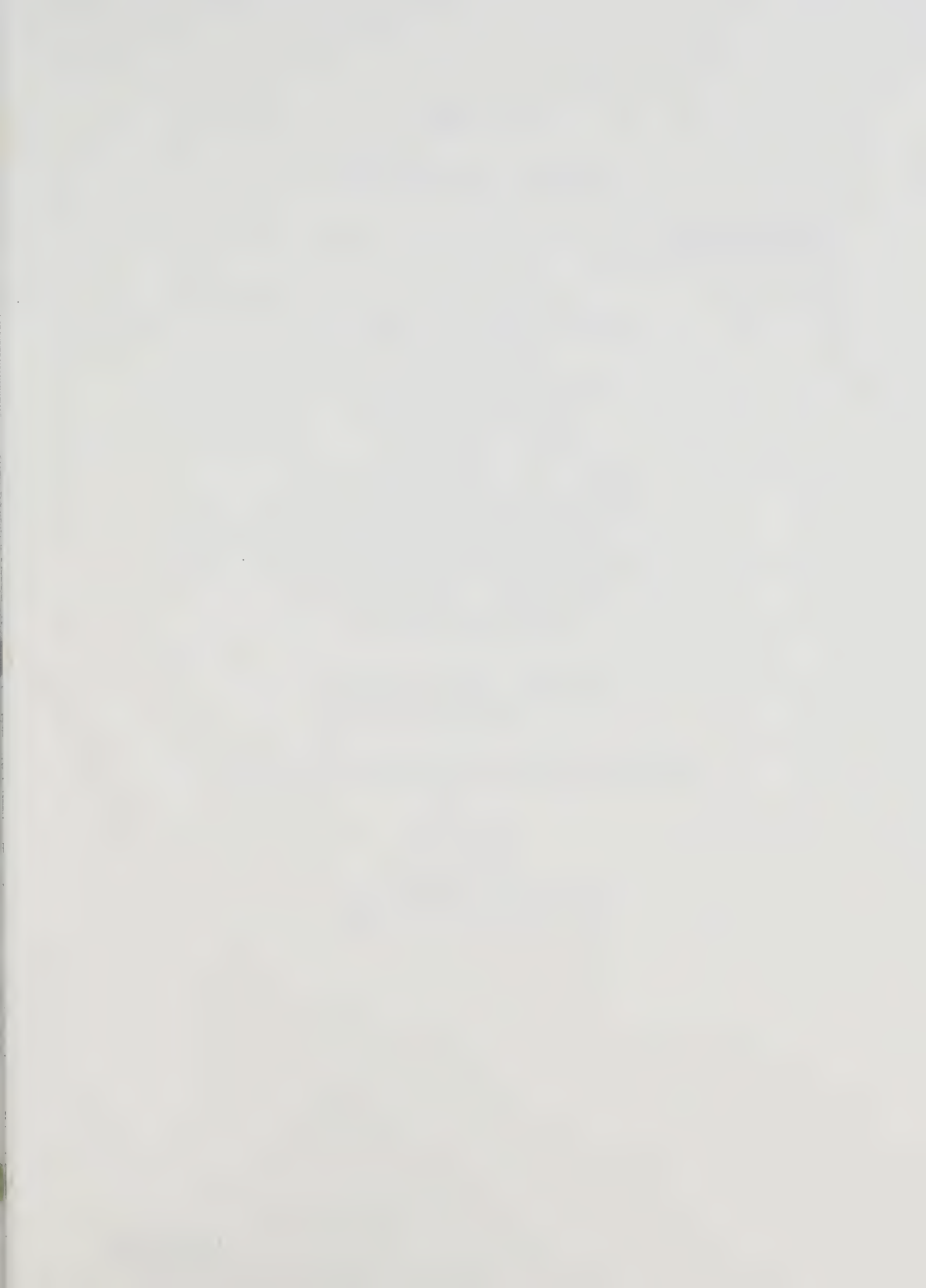
Shall the estimates of the Ministry of Education carry? Carried.

Shall I report the estimates of the Ministry of Education to the House? Carried.

Thank you very much, Minister, for your attendance here today.

This finishes the business of the standing committee on estimates.

The committee adjourned at 1758.



CONTENTS

Wednesday 17 November 2004

| | |
|------------------------------------|-------|
| Ministry of Education | E-349 |
| Hon Gerard Kennedy, minister | |

STANDING COMMITTEE ON ESTIMATES

Chair / Président

Mr Cameron Jackson (Burlington PC)

Vice-Chair / Vice-Président

Mr John O'Toole (Durham PC)

- Mr Wayne Arthurs (Pickering-Ajax-Uxbridge L)
- Ms Caroline Di Cocco (Sarnia-Lambton L)
- Ms Andrea Horwath (Hamilton East / Hamilton-Est ND)
- Mr Cameron Jackson (Burlington PC)
- Mr Kuldip Kular (Bramalea-Gore-Malton-Springdale L)
- Mr Phil McNeely (Ottawa-Orléans L)
- Mr John Milloy (Kitchener Centre / Kitchener-Centre L)
- Mr John O'Toole (Durham PC)
- Mr Jim Wilson (Simcoe-Grey PC)

Substitutions / Membres remplaçants

Mr Jim Flaherty (Whitby-Ajax PC)
Mr Rosario Marchese (Trinity-Spadina ND)

Also taking part / Autres participants et participantes

Ms Kathleen O. Wynne (Don Valley West / Don Valley-Ouest L)

Clerk / Greffier

Mr Trevor Day

Staff / Personnel

Mr David McIver, research officer,
Research and Information Services



3 1761 11549215 9